cogebanque

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2019 ANNUAL REPORT

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OUR BANK AT A GLANCE

ATMs:
36
LOCATIONS

EMPLOYEES
331

BRANCHES
28

16%
▲
Rwf 19.8bn
NET LOANS 2019

11.5%
▲
Rwf 3b
SHAREHOLDERS EQUITY 2019

14.6%
RETURN ON EQUITY VERSUS INDUSTRY AVERAGE: 12.5%

Rwf 4bn
PROFIT AFTER TAX: 2019

11%
▲
Rwf 22.5bn
BALANCE SHEET

7.8%
NON PERFORMING LOANS 2019.
NORM 5%

20.3%
CAPITAL ADEQUACY RATIO VERSUS PRUDENTIAL NORM 15%

HEAD OFFICE
COGEBANQUE
KN 63 ST, KIGALI
www.cogebanque.co.rw

CORPORATE IDENTITY

VISION

To be a financial center of excellence and a leading provider of innovative financial solutions in Rwanda

MISSION

To create, maintain, and enhance shareholder value by providing unrivaled financial solutions to our customers

VALUES

- Excellence
- Integrity
- Innovation
- Teamwork
- Flexibility
- Open Communication Accountability
- Customer orientation

CHAIRPERSON'S STATEMENT

Dear Shareholders,

Twenty years ago, a group of committed and hard-nosed Rwandans joined hands to set up a bank from scratch. This was a very bold move at the time but looking back they have every reason to be proud of their achievement. The journey has not been easy but nonetheless worthwhile. Today Cogebanque is a well-known brand and an important player in the financial sector space with a balance sheet size of Frw 227 billion (from just over Frw 1bn at the end of 1999). What a difference 20 years can make! I congratulate you from the bottom of my heart.

I am extremely delighted to present to you the annual report of Cogebanque at such a historical moment. The bank is in a strong financial position judging by its recent performance. With this and its previous achievements, we have every reason to strive even harder and bolder and fight for our rightful place in the ever-changing financial sector landscape. We will be guided by our strategy to drive shareholder value and pursue other meaningful objectives as good corporate citizens.

Performance in 2019

In 2019, the bank registered a profit after tax of Frw 4bn (2018: Frw 3.3bn), a 20% increase from last year's results. Interest income grew by 14% mainly driven by growth in the loan book and net interest margin was 9.3%, a 24% increase from 2018 levels. Our efforts at containing our cost of funds is bearing positive results. We closed the year with cost of funds of 5.2%. Moreover, we believe that our push for operational efficiency will translate into lower cost to income ratio in the medium to long term.

The Balance Sheet grew by 11%, with the biggest driver being net loans and advances which grew by 16%. The bank return on equity was strong at 14.6% which compares favorably with the industry average of 12.5%.

"From what we have seen so far, it is evident that prudent management is critical as we try to navigate this uncharted territory."

Mrs. ALPHONSINE RUBANGURA
Chairperson of the Board of Directors

The Bank is well capitalized with a capital adequacy ratio of 20.3% at the end of 2019. This gives the bank room to support growth as well as withstand possible shocks. That said, we are cognizant of the need to ensure that our capital can withstand extremely adverse shocks and are therefore exploring ways of adding more capital albeit in an optimal way. The bank's liquidity ratios were also strong and well above the norms at the end of the year.

The implementation of the Bank's new 5 Year Strategic Plan started in 2019. The board regularly monitors the progress of the implementation of the strategy. The Bank's performance was largely in line with the strategy but they are areas where improvement is needed notably on areas such as boosting non funded income, reducing balance sheet mismatch and raising Tier II capital. These will be given additional focus as we enter the second year of the new strategy.

Outlook for 2020

As we enter 2020, concerns about the impact of COVID-19 on the global business landscape and its ramifications continue to dominate the headlines.

We will continue to monitor developments and assess the implications they will have on our business and come up with appropriate measures. That said, and from what we have seen so far, it is evident that prudent management is critical as we try to navigate this uncharted territory.

The bank has put in place various measures aimed at counterbalancing possible shortfall in revenue due to asset quality challenges as well as ensuring that we are well poised to serve our customers with convenience during the lockdown:

Delaying discretionary expenditure - both operating and capital expenditure. This is the time for prudence as we still wait to see the extent of the economic fallout.

- Monitoring liquidity situation asset quality and taking proactive measures where necessary
- Focusing on cyber security to minimize potential cyber-attacks and ensure customers transact safely
- Flexible working arrangements to minimize possibility contamination among staff
- Delay any dividend payout until the situation stabilizes and when the bank's capital base and liquidity situation allow.

As a socially responsible bank, we support the Government of Rwanda's initiatives aimed at supporting businesses and communities impacted by the pandemic and will work with the Government, the National Bank and other stakeholders to minimize the impact on the financial systems and the economy at large.

Changes in Board Composition

At the beginning of 2020, Mr. Philibert Afrika (former chairman), Mr. Cisco Kanyandekwe and Mr. Christian Rwakunda ended their board mandate. I take the opportunity to thank them for their service to the bank. The remaining seats are being filled to ensure the Bank complies fully with the national Bank of Rwanda's corporate governance requirements.

Closing remarks

On behalf of the board, I thank our shareholders, esteemed customers, the management team, staff and various other important stakeholders for their support during the year.

I look forward to your unflagging support and collective commitment as we prepare to deal with the unprecedented challenges that lie ahead. I believe that with our collective commitment and will, we shall rise to the task and continue to preside over a strong and resilient bank.

I take the opportunity to express my gratitude to my fellow board members for their support and guidance during the year.

As we grapple with the threats of COVID-19, I wish you and your families God's protection and good health. We also pray that the nation emerges stronger from the pandemic.

ALPHONSINE RUBANGURA

Chairperson of the Board of Directors

CEO'S FORWARD

Mr. CHERNO GAYE
Chief Executive Officer

Dear shareholders,

It is a great honor to address you at the end of the Bank's 20th Anniversary. I wish to convey my heartfelt congratulations to you on this significant milestone. The Bank grew at a compound annual rate of 30% over the last 20 years (20% last 10 years). Moreover, the Bank made significant progress in numerous other areas such as delivery channels where the Bank has state of the art channels that will help us render exceptional services to our customers. We are highly confident that this strong historical record will provide a good platform to address the needs of our clients and, in turn, enhance shareholders value.

Milestones

1999
STARTED OPERATIONS
1.2 bn Assets
1 Branch
44 Staff

2004
INTRODUCED ATMs
14bn Assets
6 Branches
104 Staff

2008
LAUNCHED MOBILE BANKING
45 bn Assets
15 Branches
187 Staff

2012
84 bn Assets
18 Branches
252 Staff
NEW CORE BANKING PLATFORM

2014
INTRODUCED AGENCY BANKING
134 bn Assets
20 Branches
263 Staff

2016
DIVERSIFIED DELIVERY CHANNELS:
Branches, ATMs, Mobile Banking, Online Banking & Agency Banking
176 bn Assets
22 Branches
532 Agents
297 Staff

2019
DIVERSIFIED DELIVERY CHANNELS:
Branches, ATMs, Mobile Banking, Online Banking and Agency Banking
227 bn Assets
28 Branches
331 Staff
> 600 Agents
20 year CAGR 30%
10 year CAGR 17%

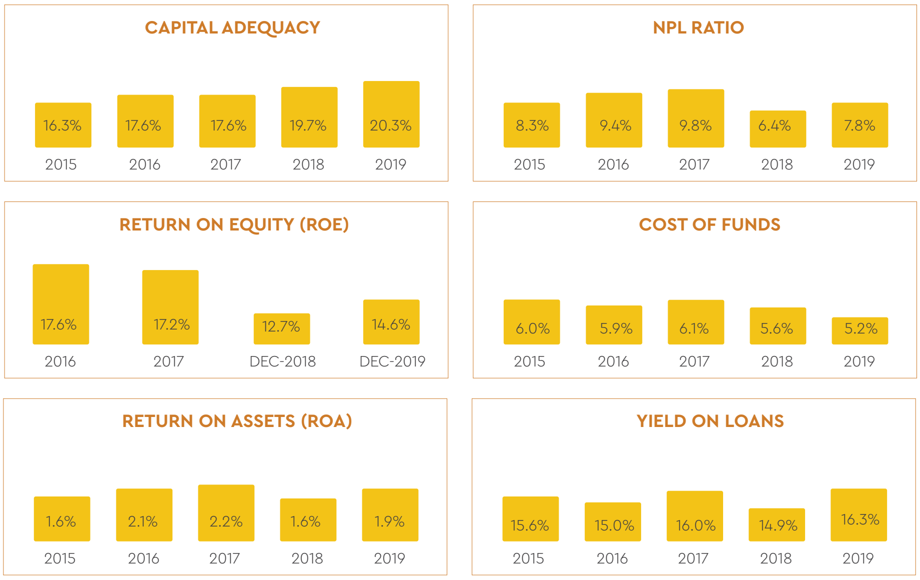
Performance and key developments

The Bank ended the year with a profit after tax of Frw 4bn. This represents an increase of 21% from last year's profit of Frw 3.3bn. This strong performance was driven by strong loan growth of 16% resulting in 14% growth in interest income. As can be seen from below ratios, cost of funds continues to decline, contributing positively to the bottom line.

In line with our strategy, we continue to pursue new sources of growth and we expect this to be the main driver of future performance.

The following ratios demonstrate a strong performance trend in almost all areas. Our NPL ratio at the end of the year was revised from 4.6% to 7.8% due mainly to some downgrades we had to make in view of negative information that came to light after the year end. That said, focus on asset quality will be an utmost priority in 2020 and beyond as we strive to achieve the goal of being at or below the prudential norm of 5%.

Key Financial Ratios



The Bank also compares favorably with the industry.

Indicator	Industry (Dec 2019)	Cogebanque (Dec 2019)
Return on Equity	12.5%	14.6%
Capital Adequacy Ratio	24.1%	20.3%
Liquidity Coverage Ratio (LCR)	215%	138%
Net Stable Funding Ratio (NSFR)	111%	112%

Source: Monetary Policy and Financial Stability Statement and Cogebanque staff computations

We have introduced a customer service charter and have also revamped our website to make it more informative and user friendly. These are inline with our strategic objectives.

As a player in the services sector, our people are, not only our real assets but our greatest strength. We need the right team to deliver our strategy. Our goal is to use these vital resources to create a high-performance organization capable of generating superior profitability and contribute to society in various manifestations.

We will continue to invest in our people and build a team that is loyal and committed to the Bank, and its shareholders.

Update on strategy and 2020 Focus

We reported last year that the Bank was in the process of launching a new 5-year strategic plan, aimed at positioning the Bank well.

I am pleased to say that the Bank substantially delivered on most of the strategic initiatives for 2019, which largely explains the performance for the year. Challenges remain and these will be the focus in 2020.

As I pointed out earlier, there are areas where we are still lagging behind which give us plenty of room for improvement. Achieving the following will be critical to our success in 2020:

- Enhance risk management oversight
- New products and services necessary to compete sustainably. This will be supported by enhanced data analytics
- Diversifying our correspondent banking relationships

Cont'd on page 10

- Implementation of strategy with emphasis of gaps in 2019 performance and rolling out strategic initiatives for 2020
- Secured subordinated debt as a way of further strengthening the Bank's capital buffers.
- Improving asset quality by striving to get NPLs down to the prudential norm, strengthening credit underwriting standards, closely watching big exposure and improve diversification of the loan book
- Diversification of our liability base in favour of cheap deposits to lower cost of funds and reducing deposit concentration
- Revamping our SME focus with the deployment of an SME strategy in 2020

Conclusion

With businesses facing a lockdown, it is becoming clear that there will be asset quality and liquidity challenges due to the economic fallout from COVID-19. The National Bank of Rwanda has already put in place a facility to support banks in need of liquidity. The Government of Rwanda is also putting measures in place geared towards providing support to businesses impacted by the pandemic.

We are putting several measures in place to support clients where necessary to help them deal with the challenges. These range from offering grace period, to waiving charges on certain digital transactions. We have also developed a COVID-19 specific Business Continuity Plan aimed at ensuring that we are able to continue serving our customers with safety and convenience and at the same time ensure our staff are protected.

As the true extent of the fallout from COVID-19 remain uncertain, we will remain circumspect in the way we conduct business.

COVID-19 has provided unsurmountable challenges, but I am confident with your support we will come out of it stronger and more resilient.

On behalf of the Management team, I thank our Board of Directors for their support and guidance throughout 2019. A big thank you goes to our esteemed customers and partners for their trust in us and their patronage. I also thank the staff for their hard work and dedication, and our various partners and stakeholders for their continued support.

I once again thank you shareholders for your continued support and commitment and on behalf of the team, wish you a happy and healthy 2020.

Cherno Gaye.
Chief Executive Officer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CORPORATE GOVERNANCE OVERVIEW

COGEBANQUE's corporate governance principles and framework are shaped by regulatory requirements of the National Bank of Rwanda (BNR) and the Office of the Registrar of Companies at Rwanda Development Board (RDB). In this context, Cogebanque is obliged to comply with the Companies Act of Rwanda as well as regulation number N° 01/2018 of 24/01/2018 relating to corporate governance of banks.

To implement applicable laws, rules, regulations as well as best practices relating to corporate governance, the bank's corporate governance framework is comprised of the following governance structures:

(1) THE BOARD OF DIRECTORS

As at the end of December 2019, the Board was comprised of ten (10) non-executive directors, five (5) of whom are independent including the Chairman. One independent director and two non independent directors retired at the beginning of 2020.

The Board is responsible for the overall leadership of the Bank. The Board's key role is to provide effective oversight and leadership, by creating a conducive environment for accountability, responsibility, equity and transparency to thrive. It also ensures that good corporate governance practices are reflected in the bank's interactions with its stakeholders.
The Board is assisted by five Sub-committees in discharging its oversight role. These committees meet at least every quarter and report to the Board after each sitting. The Board committees include:

1) Audit Committee
2) Risk Committee
3) Credit Committee
4) Asset and Liability Committee (ALCO)
5) Nomination and Remuneration Committee
6) IT committee

The Audit Committee

The Audit Committee is mainly in charge of overseeing the financial reporting process and enhancing the internal controls environment. The committee oversees the following:

a). Assisting in the appointment external auditors and fixing their remuneration;
b). Ensuring that financial statements are prepared in accordance with applicable laws, rules and regulations including International Financial Reporting Standards (IFRS);
c). Ensuring that the bank's internal control environment is effective and adequate; and
d). Oversea the appointment of external auditors as well as reviewing their work on behalf of the Board.

Name of Director	Role
Eric NSHUTINZIMA	Chairperson
Bruno CHARUEL	Member
Jotham MAJYALIBU	Member
Francis NSENGIYUMVA	Member

The Credit Committee

The committee oversees the following:

a). The entire credit portfolio to ensure that: (i) Lending policies and practices are sound and effective; (ii) Credit losses are kept in line with prudential norms; and (iii) high asset quality is maintained.
b). Review credit files that are over and above management's discretionary limits and make recommendations to the main board; and
c). Ensuring that effective procedures are in place to maximize recoveries.

Board members who served on the Committee in 2019 were:

Name of Director	Role
Alphonsine RUBANGURA	Chairperson
Christian RWAKUNDA	Member (retired)
Eric NSHUTINZIMA	Member
Jotham MAJYALIBU	Member
Cherno GAYE	Member

The Risk Management Committee

The committee is responsible for the bank's risk governance by ensuring that the bank's risk management policies, practices and procedures are designed to ensure that risks are effectively identified, tracked, measured, monitored, managed and reported.

Board members who served on the Committee in 2019 were:

Name of Director	Role
Cisco KANYANDEKWE	Chairperson (retired)
Désiré MUSONI WA RWIHIMBA	Member
Christian MAKUZA	Member
Eric NSHUTINZIMA	Member
Francis NSENGIYUMVA	Member

The Asset and Liability Management Committee (ALCO)

The Committee is tasked with the responsibility of:

a). Advising the Board on matters relating mainly to the management of capital, liquidity and market risk; and
b). Ensuring that risks under its domain are monitored closed and are kept within limits set by the Board and the National Bank of Rwanda.

Board members who served on the Committee in 2019 were:

Name of Director	Role
Christian RWAKUNDA	Chairperson (retired)
Désiré MUSONI WA RWIHIMBA	Member
Jotham MAJYALIBU	Member
Francis NSENGIYUMVA	Member
Christian MAKUZA	Member

The Nomination and Remuneration Committee

The Committee is responsible for:

a). Attracting and remunerating the right caliber of human resources to drive the bank's strategy;
b). Advises the board on matters relating to organizational structure and design; and
c). Ensuring that appropriate policies, practices and procedures are in place in areas of recruitment, human development, remuneration and staff retention.

Board members who served on the Committee in 2019 were:

Name of Director	Role
Désiré MUSONI WA RWIHIMBA	Chairperson
Cisco KANYANDEKWE	Member (retired)
Christian MAKUZA	Member
Jotham MAJYALIBU	Member
Christian RWAKUNDA	Member (retired)
Eric NSHUTINZIMA	Member

The IT Committee

The committee oversees the following:

a). Perform oversight functions over the IT steering committee (at a senior management level);
b). Oversee the implementation of the requirements provided in the laws and regulations on cyber security
c). Investigate activities within this scope
d). work in partnership with other board committees and senior management to provide input, review and amend the aligned corporate and IT strategies.

Board members who served on the Committee in 2019 were:

Name of Director	Role
Christian MAKUZA	Chairperson
Désiré MUSONI WA RWIHIMBA	Member
Christian RWAKUNDA	Member (retired)
Eric NSHUTINZIMA	Member
Francis NSENGIYUMVA	Member
Bruno CHARUEL	Member
Cherno GAYE	Member

(2) THE ACTIVITIES OF THE BOARD OF DIRECTORS

The Directors are appointed by the Shareholders at the Annual General Meeting, and approved by the National Bank of Rwanda as a regulatory requirement.

In 2019, the Board of Directors was composed of ten (10) members, appointed based on their experience in varied background in different disciplines, which include banking, law, accounting, investment analysis, in addition to hands on experience in various industries.

As at December 2019, The Board was chaired by an independent chairman, Mr. AFRIKA Philibert (retired), and the Board is currently chaired by Mrs. Alphonsine RUBANGURA.

(3) THE BOARD MEETINGS

The Board meets at least once every quarter for scheduled meetings, or more frequently, when required to deal with specific matters between scheduled meetings. The chairman ensures that the Board focuses on the right matters reserved for the Board by approving all Board agendas in collaboration with the Chief Executive Officer and the Company Secretary.

The Chairman also ensures that Board Members receive timely and relevant information before Board meetings and that they are kept informed of key developments in the bank.

During the year 2019, the Board met seven (7) times.

(4) THE BOARD EVALUATION

The corporate governance regulations of the National Bank of Rwanda require the Board to have a regular self-evaluation of its performance, including the performance of board sub-committees and individual directors.

The Board established a system of self-evaluation of its own performance and the performance of its committees and individual directors. The results of the evaluation are submitted to the Central Bank before the 31st of March 2020 as per the National Bank Regulations.

BOARD OF DIRECTOR PROFILES

MRS. ALPHONSINE RUBANGURA
Chairperson

Mrs. Rubangura is currently the Deputy Managing Director of I KAY Inc. ltd, a local company that deals in Real Estate management. Prior to joining I KAY Inc. ltd, she was in UPROTUR, a local company that deals in Steel and Related products, where she occupied various roles including Head of Imports and Exports, Head of Finance and Planning and Deputy Managing Director.

She is currently a board member of Prime insurance and previously served as the Chairperson of the Board of Directors at COGEAR Insurance Company from 2005 to 2008; She previously served as a Board member in COGEBANQUE from 2006 to 2008.

She holds a Bachelor's degree in Political Science (Administration) and is currently pursuing the Association of Chartered Certified Accountants (ACCA) designation.

MR. DÉSIRÉ MUSONI WA RWIHIMBA
Director

Mr. Musoni is currently a director at Multi-Sectoral Technical Assistance (MTA Ltd) based in Kigali where he provides management consultancy services.

He possesses over 30 years of banking experience in commercial banking mainly from Rwanda as well as the Democratic Republic of Congo (DRC). He has served in various capacities including, Directing the Operations Directorate, Managing branches and Supervising branch managers and regional branch managers.

He holds a Bachelor's degree in Law.

MR. CHRISTIAN MAKUZA
Director

Mr. Makuza currently works as Managing Director of Market Shopping Center Limited in Rwanda.

Prior to his current role, he worked as a Data Analyst at Telerx.
He holds a Bachelor's degree in Computer Information Systems and a Master of Business Administration (Finance) degree from Wilkes University.

MR. JOTHAM MAJYALIBU

Director

Mr. Majyalibu joined the board in 2017. He is currently the Managing Director of Petrocom. Prior to that he was a Principal advisor to the SP group Chairman with an overall responsibility to cordinate monitor the various projects of the organization.

He previously served as the General Manager of RMT and held the role of the Finance Director as well in the same company. He also worked in the Accounting and Budget Department in charge of Accounts Reconciliation at the National Bank of Rwanda.

He currently serves on various Boards, including the Chairperson of the Executive Committee at Rwanda Tea Association, Director at the East Africa Tea Trade Association (EATTA), and Chairman of the EATTA Finance and Administration Committee.

He holds a Master's in Business Administration (Finance) degree from the Maastricht School of Management; and a Bachelor's degree in Accounting Sciences from the National University of Rwanda.

MR. FRANCIS NSENGIYUMVA

Director

Mr. Nsengiyumva is currently the Chief Finance Officer of SP Aviation Ltd. He is also the chairman of the board of directors of Prime.

Prior to that, he was a manager at CVL subsidiaries, namely NPD Ltd and Real Contractors Ltd. He has over ten years' experience working in public sector institutional support projects that are externally funded by Rwanda's Development Partners.

During his time at the Ministry of Finance and Economic Planning, he managed portfolios that included the European Development Fund, Public Finance Management Basket and the UN funded projects.

He is a Project Management specialist and has proven team leadership skills and experience of working with diverse teams of local and international consultants, government ministries/ institutions, development partners, civil society organizations and communities with respect to project planning and implementation.

He has served as a Member of Board of Directors in different companies in Rwanda that include, Horizon Group Limited, Ultimate Concept Limited (UCL) and FONERWA.

He holds a Bachelor's degree in Accounting Sciences from the National University of Rwanda, and a Master of Science in Finance (Economic Policy) from the School of Oriental and African Studies/University of London (UK).

MR. ERIC NSHUTINZIMA

Director

Mr. Eric is currently the CEO of MM&RJD Company Ltd. Prior to this appointment, Mr. Eric served as the Director of Finance at ENGEN Rwanda, headed the Credit Department of Banque Populaire du Rwanda (BPR) and worked as an Auditor at Ernst & Young's Kigali office.

He has also held various managerial positions at Crystal Ventures (CVL) and its affiliated companies, including Investment Analyst at CVL, Finance Manager at NPD Cotraco and Finance Director at Inyange Industries.

Mr. Eric holds a Bachelor's Degree in Accountancy Science from the University of Rwanda, and is a member of the Association of Chartered Certified Accountants (ACCA) of The United Kingdom.

MR. BRUNO JEAN LOUIS MARIE CHARUEL
Director

Mr. CHARUEL Bruno has previously been in charge of trade finance activities on the board of directors of Credit Agricole in Geneva, Switzerland from 1992 and 2018.

His experience in banking span over 40 years. In addition to working in Switzerland, he worked in Luxembourg and France where he held managerial and directorial roles respectively. He was also entrusted to be the advisor of Lord Energy SA, a petroleum trading company in Switzerland. In 2018 he won the “life achievement award” from the World Rice Conference in Hanoi, Vietnam.

He additionally holds a Master’s degree in management sciences from the University of Paris IX-Dauphine and a Master’s degree in private law from the University of Paris II-Assas.

THE MANAGEMENT COMMITTEES

The day to day management of the bank rests with the executive management team which is supported by senior management.

The Management committees include:

- Executive Management Committee;
- Asset and Liability management committee (ALCO);
- Credit Committee;
- Recovery Committee;
- Procurement Committee;
- Enterprise and Risk Management Committee;
- IT Steering Committee;
- Product Development Committee and
- Process Re-engineering Committee

EXECUTIVE MANAGEMENT TEAM

MR. CHERNO GAYE

Chief Executive Officer

Mr. Cherno is a Charter Certified Accountant and an Investment Professional. Most recently, Cherno was the CEO of FinCity Investment Advisory Limited, a company he founded in 2017. Prior to that, he was CFO of BPR (part of Atlas Mara) and CFO and Deputy CEO of BRD Commercial Bank (a fully owned subsidiary of Atlas Mara which was later merged into BPR).

He was Chief Finance Officer of Banque Commerciale du Rwanda (BCR), now part of the I&M Group from 2005 to 2010. Before this assignment, He was Head of Finance/Finance Manager of Maersk (Gambia) Limited, a subsidiary of AP Moller Maersk A/S Group. Cherno also worked as an external auditor with both KPMG and Deloitte and Touche.

He has over 18 years of post-qualification experience and has been exposed to many areas such as financial reporting, audit, corporate finance, asset and liability management, investment management, corporate strategy & business development and general company management.

He currently serves on the board of Crystal Telecom, a company listed on the Rwanda Stock Exchange and previously served on the board of Rwanda Energy Company – REC as vice chairman.

He is a CFA charter holder and a member of the CFA Institute in Charlottesville USA and the CFA Society of South Africa. He is a fellow member of the Association of Chartered Certified Accountants (ACCA). He is also a founding member of the Institute of Certified Public Accountants of Rwanda ICPA(R).

MR. LOUIS DE MONTFORT MUJYAMBERE

Director of Operations

Mr. Montfort is currently the Director of Operations, and has been working with COGEBANQUE since 2002 soon after the Bank's establishment. He arrived at COGEBANQUE with a strong finance education, coupled with a keen desire towards business development teams.

Starting as a Junior Credit Analyst, Montfort's rose through the ranks to become Chief Credit Analyst, and then Deputy Director of Credit, later he was appointed as the Business Development and Commercial Director, currently, he serves as the Director of Operations.

Mujyambere holds a Master's Degree in Business Administration - MBA from Maastricht (the Netherlands) in collaboration with Esami (Tanzania).

MR. EMMANUEL MUGANDURA
Chief Financial Officer

Mr. Emmanuel is a Chartered Certified Accountant (ACCA) and a member of ICPAR, with MBA in Finance, and a Bachelor's degree in Accounting Science. Emmanuel is a certified microfinance expert, a qualification he acquired from the Frankfurt School of Finance and Management.

Emmanuel has over 16 years of experience and he has been in senior managerial capacities within Rwandan banking industry for the last 13 years. Prior to Joining Cogebanque in 2017, Emmanuel was the CFO at Urwego Opportunity Bank (part of Opportunity International network) for 4 years. Prior to the role of CFO, he was the Chief Risk Management Officer for a period of 3 years and before that he was the Chief Internal Auditor for 3 years in the same bank. Through his career development, Emmanuel has gained immense experience from financial sector, ranging from financial planning and management, treasury management and strategic planning as well as Audit and risk management.

Prior to banking sector, Mr. Emmanuel worked with Rwanda Auditor General's Office where he audited different public institutions for 2 years, which he joined after serving as an accountant at the National University of Rwanda.

MR. JOEL KAYONGA
Commercial Director

Mr. Joel is currently the Commercial Director, having assumed the role in mid- 2019 and is primarily charged with overseeing the Bank's business segments- i.e. Retail, Business, and Corporate Banking as well as Marketing and Product Development, and Digital Banking and Alternative Channels.

He has previously served as the Deputy Director of Credit, prior to assuming the role of Director of Credit in late 2016 overseeing the bank's credit portfolio. Before joining, he served in the Financial Sector Development Secretariat and then as Advisor to the Minister in the Ministry of Finance and Economic Development.

He holds a Masters of Arts (Hons) in Economics and Finance from University of Aberdeen, in the UK, and a Masters of Arts in International Comparative and Commercial Law from School of Oriental and African Studies, University of London.

MR. GEORGES NDIZIHIWE
Director of Credit

Mr. Georges is currently the Director of Credit and has been serving COGEBANQUE for over 19 years; since almost its establishment in 2000.

Trained in both Law and professional banker course, Georges is also experienced with a great and extensive technical and managerial background in different areas such as banking operations, business development, branches network and legal advisory.

He occupied different senior positions among them, Bank Legal Adviser, Head of Branch's Network, Head of operations which included the Electronic and Digital Channels, International trade Finance with various methods of settlement, (Import & Export, Trade Finance, International transfers, Lcs, etc.), local Settlement system with its all in-house and domestic transactions in different currencies, etc.

Georges holds a Bachelor's degree in Law, a Certified Professional Banker Course (CPB), and undergone numerous training in banking and financial services offered by reputable institutions.

Favorite quote: "85% of your financial success is due to your personality and ability to communicate, negotiate and lead. Shockingly, only 15% is due to technical knowledge." (Carnegie Institute of T echnology)

MRS. MARY ASHIMWE

Director of Human Resources and Administration

Mrs. Mary is the Director of HR and Administration at COGEBANQUE plc with over 23 years' practical experience and exposure in Human Capital Management, Leadership, Administration and Economic Development in both Corporate and Public Sector acquired during her 10 years at MTN Rwandacell as General Manager for Human Resources and Corporate Affairs Management and Sr. Manager for HR & Administration; 7 years as Deputy Executive Secretary-in charge of Administration, Human Resources and Finance Management at National Electoral Commission of Rwanda and 6 years at Kigali City as a Deputy Mayor in charge of Finance and Economic Development.

Mary is/has been a player in other civil and social responsibilities that include being a Councillor at Nyarutarama Cell in Remera Gasabo District, Kigali City and was a Women Councillor in Kimihurura Sector - Kacyiru District in Kigali City. Mary is also a Board Member for Horizon Group Limited & Chairperson for its Human Resources & Remuneration Board Committee for 10 years; Board Member for National Industrialization & Research Development Agency (NIRDA) since 2014, was a Board Chairperson for Genocide Survivors Fund (FARG) for 8 years & Board Member for Adventist Radio Voice of Hope for 4 years.

Mary is a Certified Human Resources Business Partner and holds an MBA degree from the Maastricht School of Management in The Netherlands. She also has a Post-Graduate Diploma in Development Studies from Kimmage Manor Development Studies Center in the Republic of Ireland and a Bachelor of Social Sciences from Makerere University in the Republic of Uganda.

SENIOR MANAGEMENT TEAM

MR. YVON GILBERT NISHIMWE

Head of Digital Banking and Alternative Channels

Mr. Yvon has over 13 years of banking experience, primarily in Electronic Banking and over 9 years in managerial capacity. His prior experiences involved innovating and managing products around card business and digital banking. He implemented projects related to various alternative banking channels such as POS, ATMs, Cards, Internet banking, Mobile banking and Agency Banking.

He served in different positions such as Head, eBanking and Alternative channels at Cogebanque, Electronic Banking Manager at Bank of Kigali, Head of Transaction Banking at Ecobank Rwanda, System analyst & Programmer at Bank of Kigali, Database administrator and Software Engineer at SIMTEL and Web Designer & Developer at Rwanda Development Gateway.

MRS. CLAUDINE UWAMBAYINGABIRE

Head of Operations

Mrs. Claudine, has over 20 years of experience in the banking sector, and she has been with COGEBANQUE since 1999 and has served in various Departments.

Prior to her current position, she has occupied various positions in the bank including Branch Manager; Head of Kigali Branches, Head of Commercial Department.

She is responsible for the delivery of excellent banking services across all of the Bank's locations; developing and coordinating the implementation of the Operations Division's strategic plan, policies, procedures and work plans to ensure timely and quality service to customers for customer retention and attraction in order to achieve bank's objectives.

She holds a Bachelor's degree in management and holds a Master's in Business Administration (MBA). She has attended a number of trainings, workshops mainly relating to banking.

MR. ADAM KYAMATARE

Head of strategy

He has over 10 years of experience in the Private Sector, Government, non-profits, and multilateral organizations. Prior to joining Cogebanque to this Adam was a strategic investment consultant to investors throughout East Africa. He has also worked at One Acre Fund, the United Nations, and the Rwandan government in the Ministry of Finance and Economic Planning and the Ministry of Foreign Affairs.

Adam is a graduate of St. Lawrence University with a Bachelors in Economics and Political Science and has a postgraduate degree from the University of Leeds in International Business. He additionally sits on the Board of Directors for both Prime Life Insurance and Gorilla Games. He is also on the Board of Advisors of Resonate, an international NGO and Roka Creative Studios, a diversified multimedia company in Rwanda.

MR. SONGA RWAMUGIRE
Head of Corporate

Mr. Songa joined COGEBANQUE as the Head of Corporate Banking in August 2017. Before assuming this role, he was Deputy Head of Corporate Banking at I&M Bank (Rwanda) Ltd.

He started his banking career in 2009 and has worked on many corporate deals whilst at I&M Bank, giving him profound knowledge of the Rwanda market.

He holds a Bachelor's Degree in Economics from the National University of Rwanda and has also received numerous trainings in areas such as corporate banking strategy, product development, project finance and trade finance.

MRS. FRANCINE MUTAMULIZA
Head of Treasury

Mrs. Francine joins banking industry in 1999; she has a wider experience of 20 years in treasury management.

She worked 8 years in GT Bank where she served in various responsibilities, a part of Trade Finance Officer she worked also as Senior Dealer before joining Cogebanque in 2007. During 12 years of working in Cogebanque; she occupied a position of Treasury manager and after she was upgraded to Head of treasury.

She holds a bachelor's degree in Management, a certified professional bank course (CPB) and benefited from numerous trainings in banking, treasury and trade finance offered by reputable institutions. Currently she is pursuing courses of Association Cambiste international (ACI) a body internationally recognized by the practitioners working in the Foreign Exchange and operations of the Money Market.

MR. VIVIEN FIDENCE KATABARWA
Head of IT

Mr. Vivien has 15 years of broad IT experience and over 6 years in a managerial capacity.

Before assuming the role of Head of IT, Vivien was a System Engineer for 5 years and specialized in use of Linux and UNIX system for high end banking systems. He managed Financial and Billing Systems Databases for both Oracle and SQL Server.

He holds a Bachelor's degree in Information Systems from Adventist University of Central Africa, and is an IBM Certified Specialist System Administration.

MRS. CHANTAL MUKABATANGA
Head of Administration and General Services

Mrs. Chantal joined Cogebanque in 2010, after 15 years at Bank of Kigali, where she occupied several positions. Chantal has over 25 years of professional work experience in the banking sector.

She oversaw the implementation of the Bancassurance in Bank of Kigali. As the lawyer of the Bank, she was also, at one time, the bank's attorney. Chantal has served as a commissioner for the National Land Commission.

Chantal is currently the Head of Administration and General Services. Prior to that, she served a Cogebanque's Company Secretary for almost 9 years. In that capacity she was overseeing the legal services, including providing advisory services, dealing with litigations, contracting and she was also in charge the bank's shareholders' matters

She holds a Bachelor's degree from the University of Kinshasa, Democratic Republic of Congo, and a Diploma in Legal Practice and Development.

MR. JEAN DAMASCENE MUTABAZI

Head of Risk and Internal control

Mr. Jean Damascene has spent the last 11 years in Risk and Compliance roles in the banking sector. He is a Certified Banker from Lagos School of Excellence, a certified Risk Manager and a Certified Compliance Professional from The International Academy of Financial Management.

Prior to his current position, he occupied different managerial positions in two International Banks, first as Head Compliance and Internal Control at Access Bank Rwanda, then as Head of Compliance in Ecobank Rwanda

MR. PASCAL KARANI

Head of Internal Audit

Mr. Pascal joined Cogebanque in January 2017 as Head of internal Audit. His career in the banking sector started at BNR in internal audit for a year. He then moved to bank examination where he spent 9 years. He joined the Financial Stability Department for a year prior to moving in the private sector.

In the private sector, he worked for 18 months as Head of Credit Risk at Access Bank and moved to BPR to manage Operational and Market Risks for 5 years.

He holds a Master of Commerce in Financial Management from the University of Cape Town.

MR. JEAN BOSCO RWELINYANGE

Head of Human Resource

Mr. Jean Bosco joined the Bank in 2005 and has more than 20 years' experience in human resource management both in the public and private sector, with more than 10 years in banking.

He works closely with senior management to implement the HR policies and objectives, especially in attracting, motivating and developing the key talent staff to enable to Bank to maintain its remarkable growth.

Prior to his current role, he was Head of Human Resource Department of Rwanda Civil Aviation Authority.

He holds a Bachelor's degree in Administration from Kigali Independent University and has done various executive trainings on Human Resource Management and Strategy.

He has been a Member of Rwanda Human Resource Forum since 2003; and is also a Member of Rwanda Bankers Human Resource Forum.

MR. ANTOINE IYAMUREMYE

Head of Marketing and Product Development

Mr. Antoine is the Head of Marketing and Product Development of Cogebanque having joined in August 2017. He is in charge of driving Cogebanque brand and products advertising agenda to ensure the success of the company's overall objectives.

He has 9 years' experience in brand development, marketing, communications, and related fields attained while working with reputable institutions.

Previously, Antoine served in different positions including Trade Marketing, Brand Manager, and Media Coordinator at Skol Brewery Ltd.

He holds a bachelor's degree in Agro-Economics and Agri-Business from the National University of Rwanda and professional credentials in brand marketing, trade marketing, entrepreneurship, leadership, business process improvement and Business Development & analysis.

MR. TITE KAJUKA KAHAMANI

Head of Finance

Mr. Tite joined the Bank in 2007.

In addition to acting as Chief Finance Officer, he is the bank's Head of Finance. Prior to joining the bank, he worked as Chief Accountant in Ecobank. Tite has over 23 years of experience in the banking sector.

He holds a diploma in commerce (Specializing in Accounting and Financial Management) and Accounting (specializing in financial analysis).

MR. POLEPOLE KAYUMBA

Head of SME Banking

Mr. Polepole is the Head of SME Banking. He has over 13 years of experience in the banking sector and has occupied different managerial positions. Prior to joining the SME Department, he was Head of Administration and General Services, developed the Agency Banking Network, and has served as Branch Manager. Mr. Polepole was part of the Core Team which implemented the new core banking software in Cogebanque.

He holds an MBA from Oklahoma Christian University (USA) and a Bachelor's Degree in Management obtained from Kigali Independent University (ULK). He also holds a certificate in Digital Money from Tufts University (USA), Certificate in Effective Branch Management, from Shore Cap Exchange, USA and a Certificate in Arbitration and Alternative Dispute resolution obtained from Chartered Institute of Arbitrators (CIArb, UK).

MR. PIERRE NS. SERUHUNGO

Head of Retail Banking

Mr. Pierre Seruhungo Nsengiyumva has over 12 years of experience in banking industry with 10 years in the managerial positions in business development and retail banking.

He joined Cogebanque in May 2014 and he has occupied different positions from Branch Manager, Regional Branches Manager and now Head of Retail banking.

Prior to joining Cogebanque, he occupied various positions in two regional bank for a period of 6 years; first as Customer Care Operations Officer at Ecobank Rwanda, then as Branch Manager at KCB Rwanda.

He is a Certified Professional Banker from The Uganda Institute of Banking and Financial Services and currently pursuing Masters in Business Administration at Kigali Independent University.

MRS. MUTESI ANGELA PADUA

Head of Legal and Company Secretary

Mrs. Angela is the Head of Legal and Company Secretary at Cogebanque Plc since January 2019. Since joining the Bank, Angela has overseen and managed the legal services of the Bank such as litigation and contract management to mention but a few. Furthermore, she is responsible for providing corporate governance advise to the Board of Directors and the Bank's stakeholders.

Angela has a diverse legal background spanning over 10 years. Prior to joining the Bank, she served as the Legal Manager and Company Secretary of Letshego Rwanda Plc, a Pan-African Microfinance Bank. She also worked with the International Criminal Court in Nairobi for 5 years, UNHCR in Kigali in 2010 and was a legal advisor to the Registrar General of Companies at the Rwanda Development Board in 2009.

She holds a Masters of Law Degree from the University of Pretoria school of Law and a Bachelor of Law Degree from the University of Western Cape in South Africa. In addition, she has undergone various training in legal and corporate governance.

DIGITAL BANKING

With Cogebanque digital banking the sky is the limit.

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Cogebanque

cogebanque
simple & possible

CORPORATE SOCIAL RESPONSIBILITY FEATURES

At Cogebanque, we believe that giving back to our host communities and country, not only enables us to create a deeper connection with our clients, but this also accords us the opportunity to better understand the very needs of the people we seek to serve. As such, with a strong belief that our Corporate Social Responsibility is an integral part of our bank's activities, we have focused our contribution on a few areas we believe to be crucial in the development of our host communities and country as a whole.

EDUCATION

Over the past 7 years Cogebanque has been contributing to the education sector, particularly in support of Rwanda's vision to become a knowledge-based economy. Our efforts in this sector aim to facilitate students to smoothly transition from the student life to work life, by offering necessary training and tools, especially for students looking to get into entrepreneurship, as well as offer services that enable them to pursue their studies further to their desired level.

Most notably, Cogebanque has been awarding the best performing graduands from the universities and colleges here in Rwanda, set to take up careers in various sectors, with useful tools such as laptops as a way to boost the development of vital skills amongst youth, and in doing so, enhance the quality of the labour force.

To-date, we have supported many students from different universities and colleges in Rwanda, and are committed to continue contributing to this important sector.

HEALTH

The walk against Breast Cancer coincided with ten years anniversary of BCIEA in Rwanda.

The health of our customers and the community at large is key, if they are to continue being active contributors to Rwanda's economy. In light of this, Cogebanque's core activities are concerned with the health and wellbeing of our customers and their families, particularly women. Over the years, Cogebanque has been involved in raising awareness around various health issues, not well known by the public, in an effort to promote good health and wellbeing in the country. As of 2019 Cogebanque has focused its efforts in promoting causes such as the fight against breast cancer.

More specifically we have joined key initiatives in raising awareness about breast cancer such as the Ulinzi Walk that was organised by the Breast Cancer Initiative East Africa (BCIEA) in 2019. The walk offered people from all walks of life and different age groups, the opportunity to learn about breast cancer, as well as get free medical check-ups including clinical breast examinations, eye tests, diabetes test and blood pressure checks. It also acted as a platform to educate, particularly Cogebanque staff, both men and women about the development of breast cancer among different patients, how they can conduct self examinations on themselves or their partners as well as healthy practices that they can adopt to reduce their chances of ever contracting the disease.

COMMEMORATION OF THE GENOCIDE AGAINST THE TUTSI

The 1994 Genocide against the Tutsi not only cost the country over 1 million lives; it destroyed crucial structures on which the well-being of all Rwandans depended on. Twenty six years down the line, through good leadership and inclusive policies, Rwanda has transformed tremendously and is a shining example of not only unity but also people centred development. At Cogebanque, we are more than proud to be part of this transformation.

As such, the culture of commemorating the 1994 Genocide Against the Tutsi, is an opportunity for all of us at the bank to not only remember the lives that we lost during this horrific time in our past, but a reminder that we must do what it takes for it never to happen again, as we play our role in improving the lives of Rwandans.

Through our commemoration events, Cogebanque staff takes part in interactive talks aimed at fighting genocide ideology, as well as share their experiences. Most importantly our staff join forces to raise funds for survivors.

Also in partnership with Sick City Entertainment, over the past 2 years, we have organized an educational concert that mainly targets the youth, where they learn about the history of the genocide, its effects and most importantly the role they play in ensuring that this tragic event never happens again as well as their role in our country's development. Proceeds from the concert are used to support genocide survivors in different parts of the country.

COGEBANQUE IN SPORTS

As part of our efforts to contribute to Rwanda's vision, we have and continue to invest in sports as a good avenue to improve the lives of Rwandans by engaging communities, building talent within the country, as well as promoting financial services aimed at improving the lives of players, fans and the public in general. As such, our sponsorship for training activities and tournaments cuts across various disciplines in this sector, most notably in cycling and tennis.

Tennis

Cogebanque has been hosting annual Tennis Open tournaments since 2015, which attracts players from various levels and categories, including those from the disabled community. Winners are awarded cash prizes and trophies with the aim at supporting their endeavours and giving them the right tools to push their talent further.

Cycling

Cycling has become a flag bearer for the country, and as sponsors of the Rwanda Cycling Cup and the Tour of Rwanda since 2013, we are proud to be part of its growth. Cycling events have not only been an opportunity to award and support talent, but to promote the move to cashless economy, by offering relevant bank product such as the Agency banking products, consumer loans, Saving accounts and digital banking products. It also acts as a great avenue to build personal and strong relationships with clients while learning first hand what their needs are from time to time.

COGEBANQUE IN BUSINESS

The Private sector, in particular Small and Medium Enterprises (SMEs) are the engine of our economy. With this in mind Cogebanque has made headway in promoting the growth of this sector by offering tailored services and leading the way in de-risking the investment especially in SMEs.

Digitising Transportation

Through our agreement with African Guarantee and Economic Cooperation Fund (FAGACE), Cogebanque has been able to extend a loan to Yego Innovision Rwanda, the provider of Yego Moto and Yego Cabs technologies, for the implementation of its project to digitize the transport sector. Through this project Yego Innovision will equip up to 20,000 moto taxis with Intelligent Connected Fare Meter (ICFM) to identify routes and manage payments, among others. A similar agreement was also made in support of Apex Biotech Ltd. project to build and run a pharmaceutical plant in Kigali.

Promoting leadership in Business

As a Rwandan bank committed to creating impact in the community, Cogebanque believes that the entire business ecosystem can work hand in hand to address challenges affecting business operations. As such the bank has continued to promote good leadership in business by investing in opportunities and platforms that allow for the training and skills development of both aspiring and seasoned leaders in business.

To this effect, Cogebanque sponsored events such the second edition of Rwanda CEOs Summit 2019 that brings together most influential business leaders in the country organised by Karisimbi Business Partners.

CEO Mr Cherno Gaye giving his key note during the second edition of Rwanda CEOs Summit 2019

New Products Launched

At Cogebanque, our commitment to finding local solutions to local challenges, pushes us to continuously innovate and develop new products and services, across personal and business banking, that aim to ease and improve the lives of our customers.

To this end we have revamped and developed new products facilitating access to quick loans and enabling customers to achieve their different life goals.

Gisubizo Loan Express

In alignment with Rwanda's National Strategy for Transformation, particularly in relation to the country's goal to eliminate poverty and become an upper middle-income economy, Cogebanque introduced the Gisubizo Loan Express to empower customers by meeting their urgent financial needs.

The personal loan facility offers customers funds up to 15 times their salary, have a repayment period of up to 5 years and can be accessed by customers within a maximum of 5 days upon submission of all required documents.

Cogebanque Mortage Loan

Increased investments in and the provision of affordable housing is a key element of the Rwanda's development blueprint, and is especially crucial in realising the country's goal regarding urbanization. As such, Cogebanque added a Mortgage Loan, geared towards bringing the gap between housing demand and supply.

The Mortgage Loan covers the purchase or renovation of a residential property and is given at a competitive interest rate (16%). Additionally, the loan offers flexible conditions including a 5 to 15-year payment period that can be extended to up to 20 years, amortization schedules dependent on income, with down payments of 10% to 20%.

Unique to the Cogebanque Mortgage Loan: only up to 50 % of Household income is considered as the maximum monthly repayment capacity; no early repayment fee will be applied; The bank provides genuine mortgage advisory services and last but not least customers get access to approved housing developers.

Cogebanque Mastercard Campaign

Between March and April 2019, Cogebanque partnered with MasterCard to rollout a consumer reward campaign named *'Ishyura Na MasterCard'* or, translated in English, *'Pay with MasterCard'*. This partnership with MasterCard supports the bank's drive to enhance customer experience and convenience, especially while shopping at the numerous MasterCard-enabled physical or online retail outlets.

For a month Cogebanque customers who shopped at Simba Supermarkets, Fuel and Pay and at any SP Petrol Station across Kigali using their Cogebanque MasterCard, enjoyed the opportunity to win exciting prizes. The prizes included trips, laptops, shopping and fuel vouchers, among others. Most importantly, through this partnership with MasterCard, Cogebanque customers can enjoy exclusive privileges and unique experiences around the world, under MasterCard Priceless Cities.

MASTERCARD (CREDIT)

OUR **MASTERCARD CREDIT**, YOUR RELIABLE COMPANION.

- WORLDWIDE ACCEPTANCE
- ONLINE SHOPPING
- CREDIT LINE
- CURRENCY CONVERTIBILITY
- SAFETY AND RELIABILITY
- CONVENIENCE

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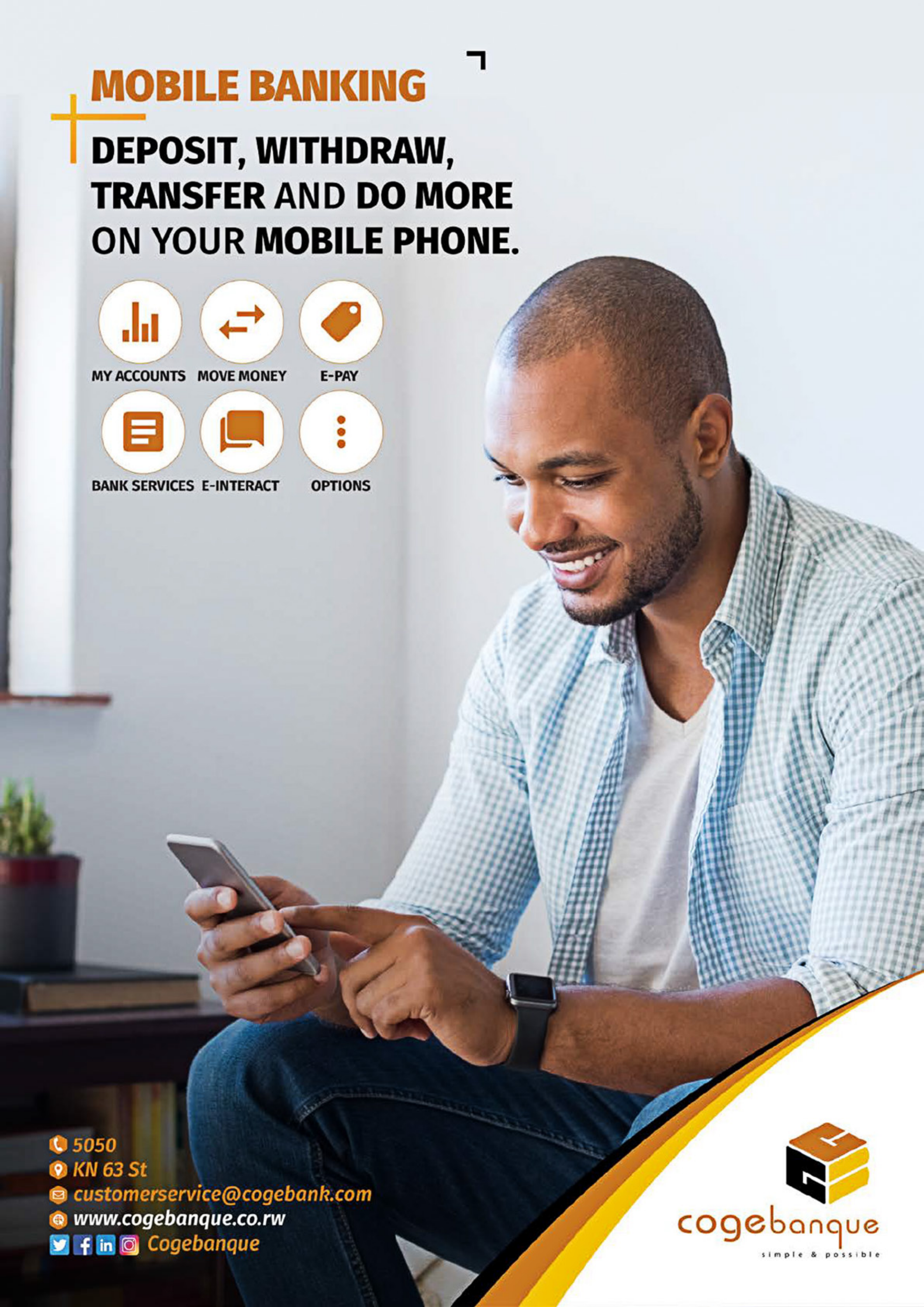
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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

STATUTORY INFORMATION

The directors submit their report together with the audited financial statements for the year ended 31 December 2019, which disclose the state of affairs of Compagnie Générale de Banque PLC ("the Bank").

PRINCIPAL ACTIVITIES

The Bank is engaged in the business of commercial banking and the provision of related services.

RESULTS

The net profit for the year was Frw 4,012.6 million and was higher than Frw 3,335 million generated in 2018, and 70% of the latter was added to the retained earnings.

DIRECTORS

The directors that served during the year and the date of approval of these financial statements are shown below:

NAME	DATE OF APPOINTMENT	DATE OF RESIGNATION
Mr. Philibert AFRIKA	23rd Dec 2013	He left on 5th February 2020
Mr. Cisco KANYANDEKWE	20th Dec 2013	He left on 5th February 2020
Ms. Alphonsine RUBANGURA	2008	Still a member of the Board
Mr. Desire MUSONI WA RWIHIMBA	29th April 2015	Still a member of the Board
Mr. Christian MAKUZA	31st Aug 2015	Still a member of the Board
Mr. Jotham MAJYALIBU	24th May 2017	Still a member of the Board
Mr. Francis NSENGIYUMVA	6th September 2017	Still a member of the Board
Mr. Christian RWAKUNDA	19th February 2019	He left on 26th February 2020
Mr. Eric NSHUTINZIMA	16th May 2019	Still a member of the Board
Mr. Charuel Bruno	6th September 2019	Still a member of the Board

SHAREHOLDERS

The shareholders of the bank as at 31 December 2019 were:

Name of shareholder	Number of shares	%
R.S.S.B	21,375	30.60%
Egide GATERA	17,463	25.00%
Judith MUGIRASONI	8,855	12.68%
Muriel DELFORGE	6,502	9.31%
SAHAM Assurance vie Rwanda	4,875	6.98%
Emmanuel MUGABOWINDEKWE	4,770	6.83%
Eduard RUTERANA	743	1.06%

Dismas NYAGATARE	713	1.02%
Philippe MURANGIRA	696	1.00%
Aloys KABERUKA	510	0.73%
Narcisse KALINIJABO	470	0.67%
Assinapol RWIGARA	456	0.65%
Victor UWIMANA	337	0.48%
Celestin RUZINDANA	285	0.41%
Andre KATABARWA	220	0.31%
GL Petro Trading Ltd.	200	0.29%
Joseph NSENGIMANA	171	0.24%
Oreste INCIMATATA	171	0.24%
Succ. NKULIKIYIMFURA	171	0.24%
Jean Marie KAREKEZI	171	0.24%
Etienne GAKWAYA	150	0.21%
Tatien NDOLIMANA	150	0.21%
J.B MUTAGANA	130	0.19%
SICO	100	0.14%
Innocent GAKWAYA	60	0.09%
Francois BAGOROZI	40	0.06%
DEBUPRO	26	0.04%
Prosper HIGIRO	20	0.03%
Raphael RUKERIKIBAYE	20	0.03%
TOTAL	**69,850**	**100%**

REGISTERED OFFICE

The Bank is incorporated in Rwanda as a Public limited company, and is domiciled in Rwanda. The address of its registered office is:

Compagnie Générale de Banque Plc.

KN 63 St Cogebanque Building

P. O. Box 5230

Kigali Rwanda

AUDITOR

KPMG Rwanda Limited.

Certified Public Accountants

5th Floor Grand Pension Plaza

Boulevard de la Révolution

P. O. Box 6755

Kigali-Rwanda

CORRESPONDENT BANKS

1. Mauritius Commercial Bank Limited

   11th floor, MCB Head office

   9-15, Sir William Newton Street,

   Port Louis, Mauritius

2. Babylos Bank Europe

   10 Rue Montoyer

   Bte3-1000 Brussels-Belgium

3. ING Belgium SA/NY

   Avenue Marnix 24, 1000 Bruxelles, Belgium

CORPORATE GOVERNANCE OVERVIEW

COGEBANQUE's corporate governance principles and framework are shaped by the nature and scope of our business, industry best practices, and legal and regulatory requirements. As far as laws and regulations are concerned, Cogebanque is obliged to comply with the requirements of the Companies Act of Rwanda, the Banking Law and supporting regulations. Moreover, the requirements of Regulation no 6 of 2008 on Corporate Governance of Banks apply to all banks operating in Rwanda.

To implement applicable laws, rules, regulations as well as best practices relating to corporate governance, the bank's corporate governance framework is comprised of the following governance structures:

1. THE BOARD OF DIRECTORS

The Board of Directors of COGEBANQUE is currently comprised of ten (10) non-executive directors, five (5) of whom are independent including the Chairman. The Board's key role is to provide effective oversight and leadership, by creating a conducive environment for accountability, responsibility, equity and transparency to thrive. It also ensures that good corporate governance practices are reflected in the bank's interactions with its stakeholders. The Board is assisted by six Sub-committees in discharging its oversight role. These committees meet at least every quarter and report to the Board after each sitting.

The Board committees include:

- Audit committee
- Risk committee
- Credit committee
- Nomination and Remuneration Committee
- Assets and Liabilities Committee (ALCO)
- IT Committee

a) **Audit Committee**

The Audit Committee is mainly in charge of overseeing the financial reporting process and enhancing the internal controls environment. The committee oversees the following:

- Assisting in the appointment of external auditors and fixing their remuneration. The committee also review the work of the external auditor on behalf of the board
- Ensuring that financial statements are prepared in accordance with applicable laws, rules and regulations including International Financial Reporting Standards (IFRS);
- Ensuring that the bank's internal control environment is effective and adequate

b) **Credit Committee**

The committee oversees the following:

- The entire credit portfolio to ensure that: (i) Lending policies and practices are sound and effective; (ii) Credit losses are kept in line with prudential norms; and (iii) high asset quality;

- Review credit files that are over and above management's discretionary limits and make recommendations to the main board; and
- Ensuring that effective procedure is in place to maximize recoveries.

c) **The risk management committee**

The committee is responsible for the bank's risk governance by ensuring that the bank's risk management policies, practices and procedures are designed to ensure that risks are effectively identified, tracked, measured, monitored, managed and reported on a timely basis.

d) **The asset and liability management committee (ALCO)**

The Committee is tasked with the responsibility of:

- Advising the Board on matters relating mainly to the management of capital, liquidity and market risk; and
- Ensuring that risks under its domain are monitored closely and is kept within limits set by the Board and the National Bank of Rwanda.

e) **Nomination and Remuneration Committee**

The committee has the following responsibilities:

- Review and approve guidelines for the remuneration system's design and operation, ensuring that remuneration is appropriate and consistent with the bank's culture, long-term business and risk appetite, performance and control environment as well as with any legal or regulatory requirements;
- Exercise competent and independent judgment on compensation policies and practices and the incentives they create;
- Work closely with the bank's risk committee in evaluating the incentives created by the remuneration system and ensure that the Risk Committee has access to any information it requires to fulfil its responsibilities
- Provide recommendations to the board for new board members and members of senior management;
- Analyse the role and responsibilities of the board member and the knowledge, experience and competence which the role requires; and
- Strive to ensure that the board is not dominated by any individual or group of individuals in a manner that is detrimental to the interests of the bank as a whole.

The compensation and nomination committee may be involved in assessment of board and senior management effectiveness and may be involved in overseeing the bank's personnel or human resource policies.

f) **IT committee**

The IT Committee shall have the following powers and responsibilities:

- Perform oversight functions over the IT steering committee (at a senior management level);
- Oversee the implementation of the requirements provided in the laws and regulations on cyber security;
- Investigate activities within this scope; and

- Work in partnership with other board committees and senior management to provide input, review and amend the aligned corporate and IT strategies.

2. BOARD MEETINGS

The Board of Directors meets at least once every quarter for scheduled meetings, or more frequently, when required to deal with specific matters between scheduled meetings. The chairman ensures that the Board focuses on the right matters reserved for the Board by approving all Board agendas in collaboration with the Chief Executive Officer and the Company Secretary. The Chairman also ensures that Board Members receive timely all, relevant information before Board meetings and that they are kept informed of key developments in the bank.

During the year 2019, the main Board met 4 times for ordinary meetings plus 3 extraordinary meetings.

The following is the list of Board Members who served in 2019 and their board attendance.

Board Member	Category	Board	Audit	Risk	Credit	ALCO	HR	IT	Extraordinary board meetings
Mr. Philibert Afrika	Chairman	4/4							3/3
Ms. Alphonsine Rubangura	Non-executive	3/4	3/4		3/4				1/3
Mr. Cisco Kanyandekwe	Non-executive	4/4	3/4	3/4			4/4		2/3
Mr. Desire Musoni wa Rwihimba	Non-executive	4/4		4/4		2/4	4/4	4/4	2/3
Mr. Christian Makuza	Non-executive	4/4		3/4		4/4	4/4	4/4	3/3
Mr. Jotham Majyalibu	Non-executive	4/4	4/4		4/4	4/4	4/4		3/3
Mr. Francis Nsengiyumva	Non-executive	4/4	4/4	4/4		4/4		44	3/3
Mr. Christian Rwakunda	Non-executive	4/4			3/4	3/4	3/4	1/4	2/3
Mr. Eric Nshutinzima	Non-executive	2/4	3/4		2/4		2/4	2/4	2/3
Mr. Bruno Charuel	Non-executive	0/4							0/3

In 2019, 7/10 board members attended all the board meetings

REPORT OF THE DIRECTORS

The directors have the pleasure of submitting their report together with the audited Annual financial statements for the year ended 31 December 2019 which disclose the state of affairs of the Bank.

1. Principal activities

The principal activity of Compagnie Générale de Banque Plc. (COGEBANQUE) is provision of retail, SME and corporate banking services.

2. Results

The results for the year ended 31 December 2019 are set out in the Annual financial statements on pages 9 to 54.

3. Directors

The Directors who served during the year and up to the date of this report are set out on page ii.

4. Dividends

Shareholders have reinvested their dividends during the past 7 years in order to strengthen the bank's capital adequacy except the 30% payment made on the 2018 annual profit.

5. Auditors

The auditors, KPMG Rwanda Limited, were appointed in 2018 in accordance with law n°17/2018 of 13/04/2018 governing companies and Regulation N°14/2017 of 23/11/2017 on accreditation requirements and other conditions for external auditors for financial institutions and have expressed their willingness to continue in office

6. Approval of the Annual financial statements

The Annual financial statements were approved and authorised for issue by the Directors on 26/March/ 2020.

BY ORDER OF THE BOARD

....

Company Secretary

Date: 26/March/2020

STATEMENT OF DIRECTOR'S RESPONSIBILITY

The Bank's directors are responsible for the preparation of financial statements, set out on pages 47 to 98, which give a true and fair view of Compagnie Générale de Banque PLC. (COGEBANQUE) which comprise the statement of financial position as at 31 December 2019 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as in accordance with International Financial reporting standards , in the manner required by Law No. 17/2018 of 13/04/2018 governing companies (the Rwandan Companies Act) and Regulation N°. 28/2019 of 09/09/2019 on publication by banks of financial statements and other disclosures in Rwanda.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the Bank to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The independent auditors are responsible for reporting, on whether, based on their, audit the financial statements give a true and fair view of the bank's financial position as at 31st December 2019 and of its performance and cash flow for the year then ended in accordance with the International Financial Reporting Standards, in the manner required by Law No. 17/2018 of 13/04/2018 governing companies (the Rwandan Companies Act), and Regulation N°. 28/2019 of 09/09/2019 on publication by banks of financial statements and other disclosures in Rwanda.

Approval of financial statements

The financial statements of Compagnie Générale de Banque Plc. (COGEBANQUE), as identified in the first paragraph, were approved by the Board of Directors on ....26/March/........../2020 and were signed on its behalf by:

....

Chief Executive Officer Chairperson of the Board

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF COMPAGNIE GENERALE DE BANQUE PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Compagnie Générale de Banque plc ("the Bank"), set out on pages 47 to 98 which comprise the statement of financial position as at 31 December 2019, the statements of; comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Compagnie Générale de Banque plc as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), the Law No. 17/2018 of 13/04/2018 Governing Companies (the Rwandan Companies Act) and Regulation N°. 28/2019 of 09/09/2019 on publication by Banks of financial statements and other disclosures in Rwanda.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with the other ethical requirements that are relevant to our audit of the financial statements in Rwanda, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the matter was addressed in our audit
IFRS 9. Expected Credit Losses **Refer to Notes 28 (a) and 13 of the financial statements**	
IFRS 9 requires the Bank to recognise expected credit losses ("ECL") on financial instruments which involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Bank's determination of the expected credit loss are: - Economic scenarios – IFRS 9 requires the Bank to measure ECLs on a forward-looking basis reflecting a range of future economic conditions. Significant management judgment is applied to determining the economic scenarios used and the probability weightings applied to them especially for the corporate portfolios - Significant increase in credit risk ("SICR") – for the retail and corporate portfolios the criteria selected to identify a significant increase in credit risk is a key area of judgement within the Bank's ECL calculation as these criteria determine whether a 12 month or lifetime provision is recorded. - Model estimations – inherently judgemental modelling is used to estimate ECL which involves determining probabilities of default ("PD"), loss given default ("LGD"), and exposures at default ("EAD"). The PD models used in the retail and corporate portfolios are the key drivers of the Bank's ECL results and are therefore the most significant judgemental aspect of the Bank's ECL modelling approach. - Qualitative adjustments – adjustments to the model driven ECL results are raised by management to address known impairment model limitations or emerging trends. Such adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to the retail and corporate portfolios. The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole.	Our audit procedures in this area included, among others: - Performing end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. - Involving our own internal financial risk modelling specialists in evaluating the appropriateness of the Bank's IFRS 9 impairment methodologies (including the SICR criteria used). Using our experience to independently assess probability of default, loss given default and exposure at default assumptions. For a sample of models, assessing the reasonableness of the model predictions by comparing them against actual results. - Our economic scenario expertise: Involving our own economic specialists to assist us in assessing the appropriateness of the Bank's methodology for determining the economic scenarios used. - Assessing key economic variables used as well as the overall reasonableness of the economic forecasts by comparing the Bank's forecasts to our own modelled forecasts with a focus on the retail and corporate portfolios. - Evaluating key aspects of the ECL model involved: - Evaluating the adequacy of the financial statement disclosures, including disclosures of key assumptions and judgements used in determination of ECL.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Financial Statements, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRSs and in the manner required by Law No. 17/2018 of 13/04/2018 Governing Companies (the Rwandan Companies Act) and in the manner required by Regulation No. 28/2019 of 09/09/2019 on publication by Banks of financial statements and other disclosures in Rwanda, and for such internal control as Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intend to liquidate the Bank or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless the law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

As required by the provisions of Article 132 of Law No. 17/2018 of 13/04/2018 governing companies (the Rwandan Companies Act) and Regulation No. 28/2019 of 09/09/2019 on publication by banks of financial statements and other disclosures in Rwanda, as amended, we report to you based on our audit, that:

(i) We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purpose of our audit;

(ii) Proper accounting records have been kept by the company, so far as appears from our examination;

(iii) We have no relationship, interest or debt with Compagnie Générale de Banque plc. As indicated in our report on the financial statements, we comply with ethical requirements. These are the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), which includes comprehensive independence and other requirements.

(iv) We have reported internal control matters together with our recommendations to management in a separate management letter.

(v) According to the best of the information and the explanations given to us as auditors, as shown by the accounting and other documents of the company, the annual accounts comply with Article 123 of Law No. 17/2018 of 13/04/2018 Governing Companies in Rwanda.

The engagement partner on the audit resulting in this independent auditor's report is CPA Stephen Ineget – PC/CPA 0293/0067

Stephen Ineget [CPA/PC0293/0067]

KPMG Rwanda Limited

Certified Public Accountants

P. O. Box 6755

Kigali, Rwanda

Date: 26/March/2020

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2019	2018
		Frw'000	**Frw'000**
Interest income	1	25,618,491	22,481,412
Interest expense	2	(9,402,404)	(9,530,619)
Net interest income		**16,216,087**	**12,950,793**
Fees and commissions income	3(a)	3,354,627	3,317,918
Fees and commissions expense	3(b)	(753,678)	(741,156)
Net fees and commissions income		**2,600,949**	**2,576,762**
Net foreign exchange income		1,033,565	1,303,682
Other operating income	4	1,357,594	581,623
		2,391,159	**1,885,305**
Total Operating Income		**21,208,195**	**17,412,860**
Net impairment charge on financial assets	5	(3,086,229)	(1,860,770)
Net Operating Income		**18,121,966**	**15,552,090**
Personnel expenses	6	(5,699,492)	(5,168,646)
Depreciation and Amortisation	7	(2,167,218)	(1,412,194)
Other operating expenses	8	(4,220,095)	(4,177,404)
Finance cost		(269,413)	-
Total operating expenses		**(12,356,218)**	**(10,758,244)**
Net profit before taxation		**5,765,748**	**4,793,846**
Income tax expense	9	(1,753,117)	(1,458,818)
Profit for the year		**4,012,631**	**3,335,028**
Other comprehensive income		**-**	**-**
Total comprehensive income for the year		**4,012,631**	**3,335,028**
Basic and diluted earnings per share		**57,446**	**47,746**

The notes on pages 52 to 98 are an integral part of these financial statements

STATEMENT OF FINANCIAL POSITION

	Notes	2019	2018
		Frw'000	Frw'000
Assets			
Cash and balances with the National Bank of Rwanda	10	14,926,095	20,828,422
Amounts due from other banks	11	4,777,298	6,091,094
Government securities held to maturity	12	43,553,633	34,453,709
Loans and advances to customers	13	143,629,758	123,818,398
Non-current assets held for sale	14(b)	-	1,229,800
Finance lease right-of-use asset	31(d)	2,057,666	-
Other assets	14(a)	2,862,883	2,687,795
Deferred tax assets	17	139,939	114,966
Intangible assets	16	1,177,574	1,014,351
Property and equipment	15	13,916,044	14,335,097
Total assets		**227,040,890**	**204,573,632**
Liabilities			
Customer deposits	18	134,414,593	139,222,551
Amounts due to other banks	19	53,657,356	32,989,430
Other liabilities	20	5,750,175	4,315,726
Finance lease liabilities	31(d)	2,167,065	-
Deferred tax liabilities	17	1,580,712	1,597,629
Provisions for off balance sheet commitments	21	22,033	11,463
Total liabilities		**197,591,934**	**178,136,799**
Shareholders' equity			
Share capital	22(a)	6,985,000	6,985,000
Share premium	22(b)	1,373,437	1,373,437
Statutory reserve	23	190,411	190,411
Proposed dividends	24	-	1,000,508
Retained earnings	24	20,900,108	16,887,477
Total shareholders' equity		**29,448,956**	**26,436,833**
Total equity and liabilities		**227,040,890**	**204,573,632**

The financial statements on pages 47 to 98 were approved for issue by the Board of Directors on 26/March/ 2020 and signed on its behalf by:

Chief Executive Officer

Chairperson of the Board

STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Proposed dividend	Statutory credit risk reserve	Retained earnings	Total
	Frw '000	Frw '000	Frw '000	Frw'000	Frw '000	Frw '000
Year ended 31 December 2018						
At start of year	**6,985,000**	**1,373,437**	**-**	**190,411**	**14,552,957**	**23,101,805**
Total Comprehensive income						-
Profit for the year					3,335,028	3,335,028
Transactions with owners						
Proposed dividend	-		1,000,508		(1,000,508)	-
At end of year	**6,985,000**	**1,373,437**	**1,000,508**	**190,411**	**16,887,477**	**26,436,833**

	Share capital	Share premium	Proposed dividend	Statutory credit risk reserve	Retained earnings	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Year ended 31 December 2019						
At 1 January 2019	**6,985,000**	**1,373,437**	**1,000,508**	**190,411**	**16,887,477**	**26,436,833**
Total Comprehensive income						
Profit for the year	-	-	-	-	4,012,631	4,012,631
Total Comprehensive income	-	-	-	-	-	-
Transactions with owners						
Proposed dividends	-	-	-	-	-	-
Dividend paid			(1,000,508)			(1,000,508)
At end of year	**6,985,000**	**1,373,437**	**-**	**190,411**	**20,900,108**	**29,448,956**

The notes on pages 52 to 98 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

	Notes	2019	2018
		Frw '000	Frw '000
Cash flows from operating activities			
Profit before income tax		5,765,748	4,793,845
Adjustments for:			
Impairment of financial assets		2,986,229	1,860,770
Depreciation on property and equipment	15	1,429,339	1,229,760
Amortisation of intangible assets	16	222,910	182,434
Depreciation on leasing assets		514,696	-
Gain on disposal of fixed assets		(102)	(36,720)
Write-offs of intangible assets		-	104,129
Write-offs of property and equipment		147,099	206,415
Cash flows from operating activities before changes in operating assets and liabilities		**11,066,193**	**8,340,634**
Changes in operating assets and liabilities:			
Loans and advances		(22,180,053)	(14,072,376)
Government securities and other bonds		(2,769,902)	(2,172,377)
Other assets		184,738	56,582
Customer deposits		(4,807,958)	4,475,983
Other liabilities		(931,605)	1,657,078
Income tax paid		-	(2,274,398)
Movement in cash reserve requirement		(464,952)	(221,905)
Movement in noncurrent assets		500,800	-
Net cash from/ (used in) operations		**(19,402,738)**	**(4,210,779)**
Cash flows from investing activities			
Purchase of property and equipment	15	(1,229,702)	(2,317,795)
Purchase of intangible assets	16	(386,133)	(178,040)
Proceeds from disposal of plant and equipment		102	36,720
Net cash used in investing activities		**(1,615,733)**	**(2,459,115)**

Cash flows from financing activities			
Long term Borrowings		-	-
Equity investments		-	-
Dividends paid		(1,000,508)	-
Net cash used in financing activities		**(1,000,508)**	**-**
Net increase/(decrease) in cash and cash equivalents		**(22,018,980)**	**(6,669,894)**
Cash and cash equivalents at start of year	26	(11,920,596)	(5,250,702)
Cash and cash equivalents at end of year	26	**(33,939,576)**	**(11,920,596)**

The notes on pages 52 to 98 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENT

1. Interest income

	2019	2018
	Frw '000	Frw '000
Loans and advances	20,908,370	17,905,723
Government securities	4,489,648	4,366,576
Placements with other banks	220,473	209,113
	25,618,491	**22,481,412**

2. Interest expense

	2019	2018
	Frw '000	Frw '000
Customer deposits	(6,690,294)	(7,062,206)
Placements from other banks	(2,712,110)	(2,468,412)
	(9,402,404)	**(9,530,619)**

3. Fees and commissions

	2019	2018
	Frw '000	Frw '000
(a) Fee and commission income		
Credit related fees and commissions	1,763,270	1,743,608
Current account ledger fees	479,809	407,910
Local and international cash transfers	447,802	428,074
MasterCard	146,962	187,319
Other Electronic banking products	241,333	255,900
Other fees and commissions	275,451	295,107
	3,354,627	**3,317,918**
(b) Fee and commission expense		
MasterCard	(492,781)	(455,941)
Other Electronic banking product	(130,826)	(134,767)
Fees on cheque book request	(84,490)	(78,857)
Fees paid to bank agent	(45,580)	(71,591)
	(753,678)	**(741,156)**
Net fee and commission income	**2,600,949**	**2,576,762**

4. Other operating income

	2019	2018
	Frw' 000	Frw' 000
Gains on disposal of property and equipment	102	36,720
Rent income	202,184	41,963
Recoveries on amounts previously written off	539,279	387,562
Other income	615,929	115,378
	1,357,494	**581,623**

5. Impairment losses on financial assets

	2019	2018
	Frw' 000	Frw' 000
Impairment on loans and advances during the year	(7,898,298)	(6,795,201)
Impairment of off balance sheet items and other assets	(27,988)	(5,892)
Impairment on government securities	-	-
Reductions in provisions due to improvement in performance status	4,940,057	4,940,323
Net (losses)/recoveries	**(2,986,229)**	**(1,860,770)**
Impairment on other assets	(100,000)	-
Total impairment of financial assets	**(3,086,229)**	**(1,860,770)**

6. Personnel Expenses

	2019	2018
	Frw'000	Frw'000
Salary and wages	(4,114,885)	(3,835,545)
Contribution to staff solidarity fund	(44,800)	(34,092)
Employer's contributions to RSSB	(221,395)	(198,994)
Mileage allowances	(59,857)	(50,643)
Personnel Costs	(41,618)	(37,423)
Other staff allowance	(467,920)	(391,278)
Staff leave entitlement	(257,934)	(242,910)
Staff life insurance	(16,214)	(15,917)
Staff meals	(158,168)	(127,008)
Staff medical costs	(207,035)	(144,675)
Terminal benefits	-	(4,282)
Training costs	(109,667)	(85,880)
Total Personnel Expenses	**(5,699,492)**	**5,168,646)**

7. Depreciation and Amortisation

	2019	2018
	Frw'000'	Frw'000
Amortisation of intangible assets [Note 16(a)]	(222,910)	(182,434)
Depreciation charge on property and equipment [Note 15(a)]	(1,429,339)	(1,229,760)
Depreciation of finance lease right-of-use asset	(514,969)	-
	(2,167,218)	**(1,412,194)**

Due to change in Accounting standard, the bank has started to implement IFRS 16 in January 2019 from IAS 17. the standards split rental cost into two parts: 1. Depreciation on lease and 2. Finance cost, which are no longer Classified in other operating expenses as it was under IAS 17.

Comparison of IFRS 16 impact on our profit and loss December 2019 to rental costs of December 2018

	Amount
	Frw'000'
Finance cost	(269,413)
Depreciation on lease	(514,969)
Total Lease Cost at December, 2019	**(784,382)**
Rental cost as at December,2018	**(648,272)**

8. Other operating expenses

	2019	**2018**
	Frw' 000	**Frw' 000**
Advertising costs	(479,473)	(484,211)
ATM maintenance costs	(74,725)	(67,241)
BNR supervision fees	(114,635)	(89,326)
Cash transport costs	(97,125)	(37,512)
Cleaning expenses	(96,906)	(101,719)
Directors fees and allowances	(209,424)	(161,312)
District taxes	(55,904)	(34,514)
Donations and gifts	(29,745)	(14,670)
Equipment repairs and maintenance costs	(289,873)	(285,246)
Fuel and oil costs	(65,742)	(68,530)
Insurance expenses	(150,494)	(123,356)
Mission Expenses	(108,706)	(76,378)
Other administrative expenses	(188,318)	(158,678)
Other banking expenses	(59,489)	(62,519)
Other Board expenses	(95,440)	53,286)
Penalties	(86,014)	(7,948)
Printing and office supplies	(122,911)	(122,900)
Professional fees	(642,861)	(390,967)
Rental Costs	-	(648,272)
Reuters fees	(26,559)	(24,517)
Security costs	(338,950)	(341,307)
Swift fees and leased line	(228,216)	(206,871)
Telephone call fees	(112,412)	(113,772)
Temporary staff payments	(42,377)	(24,832)
Theft and misappropriation	(9,009)	-
Branches relocation	(147,099)	(206,415)
Vehicle maintenance costs	(41,109)	(32,437)
Water and electricity	(306,579)	(238,669)
	(4,220,097)	**(4,177,404)**

9. Income tax expense

	2019	2018
	Frw' 000	Frw' 000
Current income tax	(1,896,570)	(1,465,426)
Differed income tax charge (Note 17)	143,453	6,608
	(1,753,117)	**(1,458,818)**

The tax on the Bank's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Effective rate	2019	Effective rate	2018
		Frw '000		Frw '000
Profit before income tax		5,765,748		4,793,846
Tax calculated at the statutory income tax rate of 30%	**30%**	**1,729,724**	**30%**	**1,438,155**
Tax effect of:				
Expenses not deductible for tax purposes	0.4%	23,393	0.9%	43,665
Income not subject to tax		-	0.5%	23,001
Net tax from RRA depreciation computation	1%	58,281	0.5%	6,608
Income tax expense	**30.4%**	**1,753,117**	**30.4%**	**1,458,818**

10. Cash and balances with National Bank of Rwanda

	2019	2018
	Frw '000	Frw '000
Cash in hand	5,837,701	5,728,917
Balances with National Bank of Rwanda	9,088,394	15,099,505
	14,926,095	**20,828,422**

Cash in hand balances and balances with the National Bank of Rwanda are classified as current assets. Balances with the National Bank of Rwanda are non-interest earning and include reserve requirement as disclosed in note 26.

Cash in hand balances and balances with the National Bank of Rwanda are classified as current assets. Balances with the National Bank of Rwanda are non-interest earning.

11. Amounts due from other banks

	2019	2018
	Frw '000	Frw '000
Current accounts with other banks	4,534,765	2,802,457
Placements with other banks	242,533	3,288,638
	4,777,298	**6,091,094**

All amounts due from other financial institution are classified as current assets.

12. Government securities and other bonds

	2019	2018
	Frw '000	**Frw '000**
Treasury bills issued by the Government of Rwanda	14,425,709	15,639,314
Treasury bonds issued by the Government of Rwanda	29,127,924	15,512,989
Treasury bonds by IFC	-	3,301,406
At 31 December:	**43,553,633**	**34,453,709**
Treasury bills maturing:		
within 90 days from date of acquisition	8,974,299	2,644,277
91 days and above from date of acquisition	5,451,410	12,995,037
	14,425,709	**15,639,314**
Treasury bonds maturing:		
Less than 1 year T-bonds issued by the Government of Rwanda	3,650,524	15,512,989
1 year and above T-bonds issued by the Government of Rwanda	25,477,400	-
International Finance Corporation Bond	-	3,301,406
	29,127,924	**18,814,395**
	43,553,633	**34,453,709**

13. Loans and advances

All loans are carried at their estimated recoverable amount.

The Bank accrues interest on impaired loans and records it under interest in suspense.

13 (a). Loans and advances to customers

	2019	2018
	Frw '000	Frw '000
Mortgage loans	70,919,522	68,377,738
Equipment loans	15,628,749	14,303,950
Consumer loans	1,940,212	1,527,824
Treasury loans	31,541,862	22,852,022
Other loans and advances	**27,176,198**	**20,041,783**
Gross loans and advances	**147,206,543**	**127,103,318**
Accrued interests	1,899,771	2,501,714
Interest-in-suspense	**(1,318,362)**	**(2,262,759)**
	147,787,952	***127,342,273***
Allowances for impairment	(4,158,194)	(3,523,875)
Net loans and advances to customers	**143,629,758**	**123,818,398**

13 (b). Movements in provisions for impairment of loans and advances are as follows:

	2019	2018
	Frw' 000	Frw' 000
Year ended 31 December 2019		
At start of year	5,786,634	3,332,540
IFRS 9 transition adjustment	-	3,199,783
Additional provision(Note 5)	7,898,297	6,795,201
Recoveries on provisions (Note 5)	(4,940,057)	(4,940,323)
Decrease in interest in suspense	(3,268,318)	(2,600,567)
At end of year	**5,476,556**	**5,786,634**
Analysed as:		
IFRS impairment	(4,158,194)	(3,523,875)
Suspended interest	(1,318,362)	(2,262,759)
At end of year	**(5,476,556)**	**(5,786,634)**

Detailed disclosure of IFRS 9 impairment per Stage is documented under Note 28 section **iii "Impairment and provision policies".**

14. (a) Other assets

	2019	2018
	Frw '000	Frw '000
Office consumable	42,008	36,921
Due from government	114,734	75,146
Prepayments	256,673	172,025
Due from personnel	5,139	2,525
E-banking product	509,314	542,683
Tax prepayment	1,691,842	1,691,842
Others	243,172	166,653
	2,862,883	**2,687,795**

14 (b) Non-current Assets held for sale

	2019	2018
	Frw '000	Frw '000
Mortgage acquired by realisation of guarantee	**-**	**1,229,800**

In 2018, these assets (two houses and one plot) were acquired by the bank during the auction process for recovery. The two houses were resold, and the plot was fully impaired after 12 months of acquisition, the period granted by central bank.

15. Property and equipment

	Land, Building and leasehold improvements	Furniture & equipment	Motor vehicles	Computer hardware	Work in progress	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
At 1 January 2019						
Opening net book value	**11,537,134**	**1,834,538**	**293,008**	**157,646**	**512,771**	**14,335,097**
Additions	117,371	288,281	-	248,167	575,884	1,229,702
Transfers from WIP	742,076	172,876	-	-	(998,814)	(83,862)
Asset retirements	(147,099)	-	-	-	-	(147,099)
Disposals	(81,720)	(4,201)	-	(107)	-	(86,028)
Depreciation	(590,691)	(634,883)	(79,894)	(123,871)	-	(1,429,339)
Depreciation on disposed assets	93,371	4,201	-	-	-	97,572
Closing net book amount	**11,670,442**	**1,660,813**	**213,115**	**281,834**	**89,840**	**13,916,044**
As at 31 December 2019						
Cost	13,407,872	4,536,941	835,603	950,350	89,841	19,819,626
Accumulated Depreciation	(1,737,431)	(2,876,128)	(622,488)	(667,535)	-	(5,903,582)
Net book amount	**11,670,442**	**1,660,813**	**213,115**	**282,814**	**88,860**	**13,916,044**

	Land, Building and leasehold improvements	Furniture & equipment	Motor vehicles	Computer hardware	Work in progress	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
At 1 January 2018						
Opening net book amount	**3,609,775**	**384,312**	**71,006**	**40,871**	**9,347,514**	**13,453,477**
Additions	854,661	565,646	283,028	128,080	486,380	2,317,795
Transfers from WIP	7,845,658	1,432,465	-	43,000	(9,321,124)	-
Asset retirements/write offs	(206,415)	-	-	-	-	(206,415)
Disposals	-	(147,484)	(136,103)	(695,683)	-	(979,270)
Depreciation	(566,545)	(547,885)	(61,025)	(54,305)	-	(1,229,760)
Depreciation on disposed assets	-	147,484	136,103	695,683	-	979,270
Closing net book amount	**11,537,134**	**1,834,538**	**293,008**	**157,646**	**512,771**	**14,335,097**
As at 31 December 2018						
Cost or valuation	12,777,245	4,079,985	835,603	702,183	512,771	18,907,786
Accumulated Depreciation	(1,240,111)	(2,245,446)	(542,594)	(544,537)	-	(4,572,689)
Net book amount	**11,537,134**	**1,834,538**	**293,008**	**157,646**	**512,771**	**14,335,097**

16. Intangible assets

2019	Core banking system	Other software	Work in progress	Total
	Frw '000	Frw '000	Frw '000	Frw '000
Net book value at 1 January 2019	510,400	212,393	291,558	1,014,351
Additions	6,390	183,763	195,980	386,133
Amortisation charge	(149,645)	(73,265)	-	(222,910)
Net book value at 31 December 2019	**367,145**	**322,891**	**487,538**	**1,177,574**
At 31 December 2019:				
Cost	1,404,251	785,460	487,538	2,677,249
Accumulated amortisation	(1,037,106)	(462,569)	-	(1,499,675)
Net book amount	**367,145**	**322,891**	**487,538**	**1,177,574**

2018	Core banking system	Other software	Work in progress	Total
	Frw '000	Frw '000	Frw '000	Frw '000
Net book value at 1 January 2018	**634,588**	**66,639**	**421,647**	**1,122,874**
Additions	23,754	141,707	12,579	178,040
Reclassification to Expenses	-	(31,722)	(72,407)	(104,129)
Transfer from WIP	-	70,262	(70,261)	-
Amortisation charge	(147,942)	(34,492)	-	(182,434)
Net book value at 31 December 2018	**510,400**	**212,393**	**291,558**	**1,014,351**
At 31 December 2018				
Cost	1,397,861	856,659	291,558	2,546,078
Accumulated amortisation	(887,461)	(644,266)	-	(1,531,727)
Net book amount	**510,400**	**212,393**	**291,558**	**1,014,351**

Intangible assets relate to core-banking software and other applications

17. Deferred tax

a) Deferred tax assets

	2019	2018
	Frw' 000	Frw' 000
At start of year	114,966	108,358
Credit/ (charge) to the Statement of Comprehensive Income	24,973	6,608
At end of year	**139,939**	**114,966**

b) Deferred tax lialibities

	2019	2018
	Frw' 000	**Frw' 000**
At start of year	1,597,629	-
Credit/ (charge) to the Statement of Comprehensive Income	(118,480)	-
Property and Equipment	101,563	1,597,629
At end of year	**1,580,712**	**1,597,629**

Further disclosure on Deferred tax:

a. Deferred tax Assets:

	01-Jan-19	Charge to profit/loss	OCI	31-Dec-19
Property and equipment	114,966	24,973	-	139,939
Tax losses	-	-	-	-
Total DTA	**114,966**	**24,973**	**-**	**139,939**
	01-Jan-18	**Charge to profit/loss**	**OCI**	**31-Dec-18**
Property and equipment	108,358	6,608	-	114,966
Tax losses	-	-	-	-
Total DTA	**108,358**	**6,608**	**-**	**114,966**

b. Deferred tax Liabilities:

	01-Jan-19	Charge to profit/loss	OCI	31-Dec-19
Property and equipment	1,597,629	(16,917)	-	1,580,712
Tax losses	-	-	-	-
Total DTA	**1,597,629**	**(16,917)**	**-**	**1,580,712**

	01-Jan-18	Charge to profit/loss	OCI	31-Dec-18
Property and equipment	-	1,597,629	-	1,597,629
Tax losses	-	-	-	-
Total DTA	**-**	**1,597,629**	**-**	**1,597,629**

Following the accelerated depreciation which was implemented by the bank in the financial year 2018, there was a deferred tax liability recorded in the same year of Frw 1,597,629, which is spread over the life time of the building in question. In the year of 2019, the deferred tax liability was debited by Frw 118,480, and credited by Frw 101,563 (due to additional investments made in 2019), hence a net decrease of Frw 16,917.

18. Customer deposits

	2019	2018
	Frw '000	**Frw '000**
Current and demand deposits	69,382,543	70,201,403
Term deposits	48,789,379	46,636,497
Savings accounts & others	16,242,672	22,384,650
	134,414,593	**139,222,551**

Customer deposits only include financial instruments classified as liabilities at amortised cost.

19. Deposits from other banks and treasury operations with banks and others financial Institutions

	2019	2018
	Frw '000	Frw '000
Treasury borrowings	7,500,000	-
Finance borrowings to banks and other FI	45,157,356	31,989,430
Export growth facility	1,000,000	1,000,000
	53,657,356	**32,989,430**

Deposits from other banks only include financial instruments classified as liabilities at amortised cost and are at fixed interest rates.

20. Other liabilities

	2019	2018
	Frw '000	Frw '000
Cheque clearing accounts & Others	242,355	1,692,589
Differed Income	2,574,789	1,144,582
Staff leave accruals	246,317	232,328
Bonus provision	264,057	293,337
Bills payable	540,498	548,715
Current income tax	1,455,631	-
VAT collected payable	29,620	65,270
Withholding tax payable	93,359	92,892
PAYE payable	176,384	161,745
RSSB contribution	46,443	42,821
Accrued directors' fees	80,722	41,447
	5,750,175	**4,315,726**

21. Provisions for off balance sheet and contingent liabilities

	2019	2018
	Frw '000	Frw '000
IFRS 9 provision as at 1st January	11,463	5,571
Additional provision taken for the year	42,242	5,892
Write back for the year	(53,681)	-
Provisions for contingent liabilities	22,009	-
	22,033	**11,463**

22. Share capital and share premium

a) Share capital

	2019	2018
	Frw'000	Frw'000
Authorised share capital of Frw 100,000 each	7,000,000	7,000,000

Issued and fully paid up		
At 1 January	6,985,000	6,985,000
Issue of shares	-	-
Balance at 31 December	**6,985,000**	**6,985,000**

The shareholding structure of the bank is as follows:

	No. of Shares	Par Value - Frw	Value - Frw'000	%
Individual shareholders	48,475	100,000	4,847,500	69,4%
Rwanda Social Security Board (RSSB)	21,375	100,000	2,137,500	30.6%
TOTAL	**69,850**	**100,000**	**6,985,000**	**100.00%**

The total authorized number of ordinary shares is 70,000 with a par value of Frw 100,000. The numbers of shares fully paid for at the year ended are 69,850.

The holders of Ordinary shares are entitled to divideds when declared; and one vote per share during annual general meeting.

b) Share premium

The share premium arose from the purchase of shares in excess of the nominal value. The existing share premium was taken in 2008; during this year 2019; movement was nil.

23. Statutory reserve

This reserve records the excess of impairment provision required by Regulation N°12/2017 of 23/11/2017 on credit classification and provisioning to those that are required by the International Financial Reporting Standards (IFRS). The movement during the year was nil.

24. Retained earnings

	2019	2018
	Frw'000	Frw'000
At start of the year	16,887,477	17,758,312
IFRS 9 transition adjustment	-	(3,205,355)
Profit and total comprehensive income for the year	4,012,631	3,335,028
Proposed dividends	-	(1,000,508)
At year end	**20,900,108**	**16,887,477**

Directors have not proposed any dividend for the year ended 31st December, 2019

25. Related party transactions

The bank's shareholders are listed on page 1. There are no other companies which are related to Compagnie Générale de Banque plc through common shareholdings or common directorships.

The bank enters into transactions, arrangements, and agreements involving directors, senior management and their related parties in the ordinary course of business. Related-party transactions during the year, outstanding balances at the year-end, and relating expense and income recognised during the year are as follows:

Shareholders Name	Relationship	Affiliate/Name	Deposit amount in Rwf'000
KABERUKA ALOYS	Shareholder	KABERUKA ALOYS	20,753
BERTIN MAKUZA	Shareholder	BERTIN MAKUZA	38,131
SAHAM ASSURANCE RWANDA LTD	Shareholder	SAHAM ASSURANCE RWANDA LTD	52,037
RUBANGURA Alphonsine	Shareholder	UPROTUR GROUP LTD	67,460
MUTANGANA Jean Baptiste	Shareholder	KARONGI TEA FACTORY	88,900
ORESTE INCIMATATA	Shareholder	ORESTE INCIMATATA	122,801
NKULIKIYIMFURA SILIDION	Shareholder	NKULIKIYIMFURA SILIDION ET XAVERINA NKULIKIYIMFURA	132,416
GATERA EGIDE	Shareholder	SOCIETE PETROLIERE LTD	261,064
GATERA EGIDE	Shareholder	GATERA EGIDE	459,898
RUZINDANA CELESTIN	Shareholder	RUZINDANA CELESTIN	499,389
MUGIRASONI JUDITH	Shareholder	AMEGERWA " BRIQUETTERIE"	503,467
GATERA EGIDE	Shareholder	IDEAL TRANSPORT AND TRADING COMPANY	639,228
GATERA EGIDE	Shareholder	RUBAYA -NYABIHU TEA COMPANYLTD (R.N.T.C) LTD	795,989
GATERA EGIDE	Shareholder	RWANDA MOUNTAIN TEA	1,063,779
RWANDA SOCIAL SECURITY BOARD	Shareholder	RSSB-MEDICAL	14,000,000
RWANDA SOCIAL SECURITY BOARD	Shareholder	RWANDA SOCIAL SECURITY BOARD-RSSB	17,446,357
OTHERS	Shareholder	OTHERS	219,818
			36,411,487

(a). Deposits from related parties

	2019	2018
	Frw '000	Frw '000
Deposits from employees	357,553	299,085
Deposits from inside & outside directors	502,072	526,891
Shareholder and other related Parties	35,909,415	39,955,932
Cash collateral (deposits)	406,279	4,441,544
	37,175,319	**45,223,452**

The deposits are secured through deposit guarantee funds except government and financial institutions deposits. Platform was introduced in 2017 and premium is paid on quarterly basis , carry variable interest rates and are repayable on demand.

The following are the deposit transactions with shareholders and directors. Others are representing sum of deposit from related parties hold less than 0.1% of the total deposit from them.

(b). Loans and advances to related parties

	2019	2018
	Frw'000	**Frw'000**
Loans and advances to employees	2,755,821	2,863,550
Loans and advances to shareholders and their related companies	3,825,414	5,197,934
	6,581,235	**8,061,484**

Loans and advances to staff were issued at an interest rate of between 6% and 10.5% and were all performing as at 31 December 2019.

Loans and advances to shareholders and related companies were issued at an interest rate of between 16% and 18% and were all performing as at 31 December 2019 except one minority shareholder who has non-performing loans totalling to Frw 119 million.

Adequate provisions have been recognised in respect of loans given to related parties.

The loans and advances to shareholders and their related companies are broken down as shown in the table below:

	2019	2018
	Frw'000	**Frw'000**
On balance sheet	3,724,624	5,057,122
Off balance sheet	100,772	140,812
	3,825,414	**5,197,934**

As IAS 24 disclose related party, here below is the detailed Name, relationship, type of transactions and amount that has been done with Shareholder and Directors party which outstanding by end of 2019.

Shareholders Name	Relationship	Affiliate/Name	Deposit amount in Rwf'000
MUGIRASONI Judith	Shareholder	AMEGERWA "ATELIER"	41,282
MUTANGANA Jean Baptiste	Shareholder	KARONGI TEA FACTORY	691,806
RUBANGURA Alphonsine	Board member	M M INVESTMENT LTD	204,700
GATERA Egide	Shareholder	MIG	587,786
MUGIRASONI Judith	Shareholder	RWANDA FOAM	74,087
MUTANGANA Jean Baptiste	Shareholder	SOCIETE RWANDAISE DE BATTERIES LTD	351,860
AFRIKA Philbert	Shareholder	UNIVERSITY OF KIGALI LTD	790,189
RUBANGURA Alphonsine	Shareholder	UPROTUR GROUP LTD	78,722
NYAGATARE Dismas	Shareholder	AUTOREC MOTORS SARL	136,688
MURANGIRA Phillippe	Shareholder	URBAN LEGAL COMPANY LTD	189,146
EDOUARD RUTERANA	Shareholder	EDOUARD RUTERANA	563,189
VICTOR NDUWUMWAMI UWIMANA	Shareholder	VICTOR NDUWUMWAMI UWIMANA	2,595
ASSINAPOL RWIGARA	Shareholder	ASSINAPOL RWIGARA	113,362
			3,825,414

(c). Key management compensation	2019	2018
	Frw'000	Frw'000
Salaries and other short-term employment benefits	**768,178**	**554,864**

(d). Directors' remuneration	2019	2018
	Frw'000	Frw'000
Seating allowances	128,701	120,165
Other payments	80,722	41,447
	209,423	**161,611**

26. Analysis of cash and cash equivalents as shown in the statement of cash flows

	2019	2018
	Frw'000	Frw'000
Cash and balances with National Bank of Rwanda (Note 10)	14,926,095	20,828,422
Less: cash reserve requirement	(8,959,911)	(8,494,960)
		-
	5,966,184	**12,333,462**
Placements with other banks (Note 11)	4,777,298	6,091,095
Treasury bills maturing within 91 days (Note 12)	8,974,299	2,644,277
Deposits from other banks (Note 19)	(53,657,356)	(32,989,430)

	(33,939,576)	**(11,920,596)**

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: cash and balances with Banks, treasury bills and other eligible bills, and amounts due from other banks.

Cash and cash equivalents exclude the cash reserve requirement held with the National Bank of Rwanda; the amount is determined as 5 % of the average outstanding total deposits over a cash reserve cycle period of one month.

27. Off balance sheet financial instruments, contingent liabilities and commitments

In common with other banks, the Company conducts business involving acceptances, letters of credit, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

	2019	2018
	Frw '000	Frw '000
Contingent liabilities		
Acceptances and letters of credit	2,086,241	214,035
Guarantees	5,067,854	5,359,779
	7,154,095	**5,573,814**

Nature of contingent liabilities

An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. The bank expects most acceptances to be presented, and reimbursement by the customer is normally immediate. Letters of credit commit the bank to make payments to third parties, on production of documents, which are subsequently reimbursed by customers.

Guarantees are generally written by a bank to support performance by a customer to third parties. The bank will only be required to meet these obligations in the event of the customer's default.

Nature of commitments

Commitments to lend are agreements to lend to a customer in future subject to certain conditions. Such commitments are normally made for a fixed period. The bank may withdraw from its contractual obligation for the undrawn portion of agreed overdraft limits by giving reasonable notice to the customer.

Legal proceedings

Provision of Frw 22 million was done during the year ended 31st December, 2019 regarding contingent liabilities.

28. Financial risk management

The Bank defines risk as the possibility of losses or profits foregone, which may be caused by internal or external factors. As such, the core functions of the Bank's risk management function are to identify the significant risks that the Bank is exposed to, measure these risks, manage the risk positions and determine capital allocations. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

The overall goal of the Bank's risk management policies is to achieve an appropriate balance between risk and return and minimise potential adverse effects on the Bank's financial performance.

Risk management is carried out by the bank's Head of Risk, under the supervision of the Board Risk committee and the Managing Director ("the parties"). The parties execute their risk management roles under policies approved by the Board of Directors. The parties identify, evaluate and manages financial risks in close co-operation with the Bank's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk and credit risk. In addition, the internal audit department is responsible for the independent review of risk management and the control environment.

The risks arising from financial instruments to which the Bank is exposed to are credit risk, liquidity risk, market risk (which are discussed below) and operational risk.

(a). Credit risk

Credit risk is the risk of suffering financial loss, should any of the Bank's customers, clients or market counterparties fail to fulfil their contractual obligations to the Bank. Credit risk arises mainly from commercial and consumer loans and advances and loan commitments arising from such lending activities, but can also arise from credit enhancement provided, such as financial guarantees, letters of credit and acceptances.

The Bank is also exposed to other credit risks arising from investments in debt securities and other exposures arising from its trading activities ('trading exposures'), including settlement balances with market counterparties and reverse repurchase loans.

Credit risk is the single largest risk for the Bank's business; management therefore carefully manages its exposure to credit risk. The credit risk management and control are centralised in a credit risk management team, which reports to the Board of Directors through the Managing Director and head of each business unit regularly.

(i) Credit risk measurement

a. Loans and advances (including commitments and guarantees)

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

In measuring credit risk of loan and advances to customers and to banks at a counterparty level, the Bank reflects three components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Bank derives the 'exposure at default'; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

Probability of default

The Bank assesses the probability of default of individual counterparties using internal rating tools tailored to the various categories of counterparty.

For regulatory purposes and for internal monitoring of the quality of the loan portfolio, all the customers are segmented into five rating classes as shown below:

The Bank's internal ratings scale

Regulatory rating	Bank's rating	Description of the grade
I	I	Performing
II	II	Watch
III	III	Substandard
IV	IV	Doubtful
V	V	Loss

Exposure at default

Exposure at default is based on the amounts the Bank expects to be owed at the time of default. For example, for a loan this is the face value. For a commitment, the Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

Loss given default

Loss given default or loss severity represents the Bank's expectation of the extent of loss on a claim should default occur. It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.

b. Credit related commitments

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(ii) Risk limit control and mitigation policies

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a revolving basis and subject to annual or more frequent review. Limits on the level of credit risk by product, and industry sector are approved annually by the Board of Directors. The Board of Directors also approves individual borrower limits above specified amounts. The exposure to any one borrower including banks is further restricted by sub-limits covering on- and off-balance sheet exposures and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing lending limits where appropriate.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties and charges over business assets such as premises, plant and equipment;
- Charges over financial instruments such as debt securities and equities.

Longer-term finance and lending to corporate entities are generally secured.

(iii) Impairment and provisioning policies

The impairment allowance shown in the balance sheet at year-end is derived from each of the five internal rating grades. The bank determines the impairment provision on loans and advances to customers as the difference between the carrying amount of a loan balance and the present value of estimated future cash flows, discounted at the loan’s effective interest rate.

The Bank adopted IFRS9 at the beginning of 2018, the model was developed and put in place, which is used in computing the provisions on all eligible assets of the bank.

a) Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, as described below:

1. Subsequent changes in ECL due to transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
2. Additional allowances for new financial instruments recognized during the period, as well as releases for financial instruments derecognized in the period;
3. Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
4. Impacts on the measurement of ECL due to changes made to models and assumptions;
5. Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
6. Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

b) Write-off policy

Bank writes off financial assets, in completely, when its period in arrears has been exceeded 720 days or it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Bank's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full. The Bank may write-off financial assets that are still subject to enforcement activity and the recovery continue to do all possible way to return back amount invested.

The outstanding contractual amounts of such assets written off during the year ended 31 December 2019 was Rwf'000 3,477,552.The total amount written off includes suspended interest Frw000' 1,122,803 of that are subjected to be excluded from written off Amount to find the impact on profit and loss of the Year.

28. Financial risk management (continued)

(iii) Impairment and provisioning policies (Continued)

	Stage 1	Stage 2A	Stage 2B	Stage 3	Total
	Frw'000	**Frw'000**	**Frw'000**	**Frw'000**	**Frw'000**
Opening ECL Jan 2019	**1,487,207**	**328,731**	**6,712**	**1,701,225**	**3,523,875**
Income Statement movements:					
ECL on new exposures	395,969	72,893	21,186	98,400	588,448
Subsequent changes in ECL	(290,299)	(17,414)	(7,739)	2,293,464	1,978,012
Change in ECL due to Derecognition	(157,983)	(117,999)	(2,502)	698,253	419,769
Net impairment charges	**(52,313)**	**(62,520)**	**10,945**	**3,090,117**	**2,986,229**

Impaired Accounts written off				**(2,351,910)**	**(2,351,910)**
Closing ECL 31 December, 2019	**1,434,893**	**266,212**	**17,656**	**2,439,432**	**4,158,194**

Bank has provided different financial assets products. Main assets that are bearing interests are:

- Financial instruments and Money market; by which 100% of all investment was done by the bank with Government. The credit rating of Rwanda is B+ and the risk factor was rated at 0% ;
- Loans and Advances: The main activity of the bank that also associated with higher risk of default customers. Probability of default, Exposure at Default and Loss Given at Default are considered.

During 2019, the impact of Loan and advance impairment charge by product were as follows:

	Consumer loans	Overdraft	Treasury loans	Equipment loans	Mortgage loans	LC	Bank Guarantee	ECL 2019
ECL on new exposures	38,325	64,361	196,411	200,236	89,092	-	24	588,449
Subsequent changes in ECL	3,914	(150,888)	(84,148)	2,252	2,212,622	-	(5,740)	1,978,012
Change in ECL due to Derecognition	1,495	(77,706)	(35,532)	536,492	(1,054)	-	(6,034)	48,247
Net impairment Charges 2019	**43,733**	**(164,233)**	**76,731**	**738,980**	**2,302,768**	**-**	**(11,750)**	**2,986,229**

Gross loans amount has been reduced by Loan loss provision. Expected credit loss on loans is associated with much aspect like collateral pledged to hedged risks in case of default; Loan classifications due to days in areas of the clients hold. You will find here Loan loss concentration basing on collaterals and products.

Secured and unsecured loans staging and their Loan loss concentration

Loan Stage	Secured Loans	Unsecured Loans	Grand Total
Stage 1	703,465	549,296	1,252,761
Stage 2A	79,516	-	79,516
Stage 2B	15,894	12,318	28,212
Stage 3	2,617,490	180,215	2,797,705
Grand Total	**3,416,365**	**741,829**	**4,158,194**

Loans types staging and their Loan loss concentration.

Loan types	Stage 1	Stage 2A	Stage 2B	Stage 3	Grand Total
Consumer loans	10,457	66	531	39,354	50,407
Overdraft	257,172	-	-	25,253	282,425
Treasury loans	123,743	72,922	44	106,585	303,293
Equipment loans	262,004	6,528	-	30,386	298,919
Mortgage loans	599,361	-	27,638	2,596,152	3,223,150
ECL on Balance sheet	**1,252,737**	**79,516**	**28,212**	**2,797,729**	**4,158,194**
Line of Credit	-	-	-	-	-
Bank Guarantee	24	-	-	-	24
ECL on and off Balance sheet	**1,252,761**	**79,516**	**28,212**	**2,797,729**	**4,158,218**

(iv) Maximum exposure to credit risk before collateral held or other credit enhancements

Maximum exposure to credit risk before collateral held	2019	2018
	Frw '000	**Frw '000**
Balances with National Bank of Rwanda	14,926,095	20,828,422
Current accounts and placements with other banks	4,777,298	6,091,094
Loans and advances to customers	143,629,758	123,818,398
Government securities and other bonds	43,553,633	34,453,709
Other assets	2,862,883	2,687,795
Non-current assets held for sale	-	1,229,800
Credit risk exposures relating to off-balance sheet items:		
-Acceptances and letters of credit	2,086,241	214,035
-Guarantees	5,067,854	5,359,779
	216,903,762	**194,683,032**

The above table represents a worst case scenario of credit risk exposure to the Bank at 31 December 2019 and 2018, without taking into account of any collateral held or other credit enhancements attached. For on-balance sheet assets, the exposures set out above are based on carrying amounts as reported on the statement of financial position. Loans and advances to customers, are secured by collateral in the form of charges over land and buildings and/or plant and machinery or corporate guarantees. Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loan and advances portfolio and debt securities as the Bank exercises stringent controls over the granting of new loans.

Financial assets that are past due or impaired

Loans and advances are summarised as follows:	2019	2018
	Frw '000	**Frw '000**
Neither past due nor impaired	127,149,946	114,748,222
Past due but not impaired	7,880,586	6,617,632
Individually impaired	12,176,012	5,737,464
Gross loans and advances	**147,206,543**	**127,103,318**

Accrued interests	1,899,771	2,501,714
Allowances for impairment	(4,158,194)	(3,523,875)
Interest In Suspense	(1,318,362)	(2,262,760)
Net loans	**143,629,758**	**123,818,397**

No other financial assets are either past due or impaired.

Loans and advances neither past due nor impaired

The credit quality of the portfolio of loans and advances that were neither past due nor impaired can be assessed by reference to the internal rating system recommended by the central bank:

	2019	2018
	Frw '000	**Frw '000**
Normal loans (0-30 days)	**127,149,946**	**114,748,222**

Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. The gross amounts of loans and advances that were past due but not impaired were as follows:

	2019	2018
	Frw '000	**Frw '000**
Past due 31 – 90 days	**7,880,586**	**6,617,632**

Loans and advances individually impaired

Of the total gross amount of impaired loans, the following amounts have been individually assessed:

	2019	2018
	Frw '000	**Frw '000**
Individually assessed impaired loans and advances	**12,176,012**	**5,737,464**

	2019	2018
	Frw '000	Frw '000
Fair value of collateral held (for NPL)	**14,163,251**	**14,551,699**

vi) Concentrations of risk of financial assets with credit risk exposure.

Economic sector risk concentrations within the customer performing loan portfolios were as follows:

	Construction	Wholesale and retail trade	Manufacturing	Agriculture	Other industries	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Overdrafts	2,691,464	3,607,108	5,289,595	2,796,280	414,748	14,799,195
Term Loans	2,899,640	30,497,765	709,901	995,074	14,008,444	49,110,824
Mortgages	55,461,491	74,102	4,967,886	531,061	9,884,982	70,053,452
Other	-	901,524	-	-	-	901,524
At 31 December 2019	**61,052,595**	**35,080,498**	**10,967,382**	**4,322,415**	**24,308,174**	**135,731,064**

	Construction	Wholesale and retail trade	Manufacturing	Agriculture	Other industries	Total
	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000	Frw'000
Overdrafts	1,830,612	6,520,918	3,279,354	2,761,380	1,929,998	16,322,262
Term Loans	855,914	26,889,208	2,129,682	1,052,221	3,895,560	34,822,586
Mortgages	53,110,421	77,987	4,537,112	144,801	9,064,989	66,935,311
Leases	-	-	-	-	-	-
Other	-	1,445,255	-	-	1,240,244	2,685,499
At 31 December 2018	**55,796,947**	**34,933,368**	**9,946,149**	**3,958,402**	**16,130,792**	**120,765,658**

b. Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn.

The Bank is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Bank does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The National Bank of Rwanda requires that the Bank maintains a cash reserve ratio. In addition, the Board sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand. The Treasury department monitors liquidity ratios on a daily basis. Sources of liquidity are regularly reviewed by a separate team in the Treasury department to maintain a wide diversification by provider, product and term.

At 31 December 2019	Less than 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Liabilities						
Customer deposits	21,513,704	44,457,287	68,043,602	400,000	0	134,414,593
Deposits from other banks	7,508,910	4,646,216	36,087,848	4,414,382	1,000,000	53,657,356
Other liabilities	584,309	3,947,506	2,821,106	-	-	7,352,921
Lease Liabilities				2,167,065	-	2,167,065
Total financial liabilities	**29,606,923**	**53,051,009**	**106,952,556**	**6,981,447**	**1,000,000**	**197,591,935**
Assets						
Cash and balances with balances with National Bank of Rwanda	5,970,438	8,955,657	-	-	-	14,909,110
Amounts due from other banks	-	4,776,026	-	-	-	4,776,026
Loans and advances to customers	6,801,890	3,787,990	11,613,495	63,669,396	57,756,987	143,629,758
Government securities held to maturity	6,500,000	2,500,000	9,076,233	25,477,400	-	43,553,633
Other assets	577,777	1,764,810	1,664,182	14,064,698		18,071,467
Right of use Assets	-	-	-	2,057,666		2,057,666
Total financial assets	**19,850,105**	**21,785,755**	**22,378,883**	**105,269,160**	**57,756,987**	**227,040,890**
Net liquidity gap	**(9,756,818)**	**(31,265,254)**	**(84,573,673)**	**98,287,713**	**56,756,987**	**29,448,955**

At 31 December 2018	Less than 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Liabilities						
Customer deposits	64,959,064	29,545,015	41,799,515	2,918,957	-	139,222,551
Deposits from other banks	4,199,315	-	26,199,114	2,591,001	-	32,989,430
Other liabilities	1,609,954	1,453,487	1,252,285	-	-	4,315,726
Total financial liabilities	**70,768,333**	**30,998,502**	**69,250,914**	**5,509,958**	**-**	**176,527,707**

Assets

	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Cash and balances with balances with National Bank of Rwanda	20,828,422	-	-	-	-	20,828,422
Amounts due from other banks	3,289,329	-	2,801,765	-	-	6,091,094
Loans and advances to customers	3,339,462	67,674	19,089,143	48,554,075	52,768,043	123,818,398
Government securities held to maturity	6,429,857	3,957,331	8,224,421	15,842,099	-	34,453,709
Other assets	29,807	127,503	2,530,485	-	-	2,687,795
Total financial assets	**33,916,877**	**4,152,508**	**32,645,814**	**64,396,174**	**52,768,043**	**187,879,416**
Net liquidity gap	**(36,851,456)**	**(26,845,994)**	**(36,605,100)**	**58,886,216**	**52,768,043**	**11,351,709**

c). Market risk

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk. Overall responsibility for managing market risk rests with the Assets and Liabilities Committee (ALCO). The Treasury department is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day to day implementation of those policies.

(i) Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Board of Directors sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily. The tables below summarise the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Bank does not bear an interest rate risk on off balance sheet items. All figures are in thousands of Rwandan Francs.

2019	Less than 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Non-interest bearing	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Liabilities							
Customer deposits	9,513,704	29,457,287	55,367,736	400,000	-	39,675,866	94,738,727
Deposits from other banks	7,508,910	4,646,216	36,087,848	-	1,000,000	4,414,382	49,242,974
Other liabilities	-	-	-	-	-	9,519,986	-
Total financial liabilities	**17,022,614**	**34,103,503**	**91,455,584**	**400,000**	**1,000,000**	**53,610,234**	**143,981,701**
Assets							
Cash and balances with balances with National Bank of Rwanda	-	-	-	-	-	14,909,110	-
Placements with other banks	-	-	-	-	-	4,776,026	-
Loans and advances to customers	6,801,890	3,787,990	11,613,495	63,669,396	57,756,987	-	143,629,758
Government securities held to maturity	6,500,000	2,500,000	9,076,233	25,477,400	-	-	43,553,633
Other assets	-	-	-	-	-	20,154,106	-
Total financial assets	**13,301,890**	**6,287,990**	**20,689,728**	**89,146,796**	**57,756,987**	**39,857,499**	**187,183,391**
Interest sensitivity gap	**(3,720,724)**	**(27,815,513)**	**(70,765,856)**	**88,746,796**	**56,756,987**	**-**	**43,201,690**

2018	Less than 1 month	1-3 months	3-12 months	1-5 Years	Over 5 Years	Non-interest bearing	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Liabilities							
Customer deposits	13,061,946	29,545,015	41,799,515	2,918,956	-	51,897,118	87,325,432
Deposits from other banks	1,285,982	-	26,111,822	2,591,001	-	3,000,625	29,988,805
Other liabilities	-	-	-	-	-	4,315,726	-
Total financial liabilities	**14,347,928**	**29,545,015**	**67,911,337**	**5,509,957**		**59,213,469**	**117,314,237**
Assets							
Cash and balances with balances with National Bank of Rwanda		-	-	-	-	20,828,422	-
Placements with other banks	3,000,000	288,638	-	-	-	2,802,456	3,288,638
Loans and advances to customers	3,339,462	67,674	19,089,143	50,108,797	51,213,321	-	123,818,397

Government securities held to maturity	6,429,857	3,957,331	8,224,421	15,842,099	-		34,453,708
Other assets	-	-	-	-	-	16,791,328	-
Total financial assets	**12,769,319**	**4,313,643**	**27,313,564**	**65,950,896**	**51,213,321**	**26,318,673**	**161,560,744**
Interest sensitivity gap	**(1,578,609)**	**(25,231,372)**	**(40,597,773)**	**60,440,939**	**51,213,321**	-	**44,246,506**

The above analysis does not consider the impact of future interest on the contractual amounts in assessing the interest rate risk.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks ever to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates. The bellow are stipulated impact of Banks P&L..

Impact of interest rate sensitivity on P&L	Outcome
Our average cost of funds increases by 1% (100 basis point) i.e. from 5.2% to 6.2%	Extra interest expenses we would pay is Frw 1.800Mn
Assume this increase is on the average of total deposits.	YTD profit would decrease from Frw 4.050Bn to Frw 4.048Bn
Our average cost of funds increases by 0.5% i.e. from 5.2% to 5.7%	Extra interest expenses we would pay is Frw 900.239Mn
	YTD profit would decrease from Frw4.050Bn to Frw3.149Bn

(ii) Currency risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The tables below summarise the Bank's exposure to foreign currency exchange rate risk at 31 December 2019 and 2018. Included in the table are the Bank's financial instruments, categorised by currency:

At 31 December 2019	USD	Euro	GBP	UGX	Other	Total
	Frw '000	Frw '000	Frw '000	Frw'000	Frw '000	Frw '000
Assets						
Cash and balances with BNR	3,185,912	496,121	57,637	864		3,740,534
Placements with other banks	2,376,874	1,923,660	153,227			4,453,760
Loans and advances to customers	10,611,951	2,270				10,614,222
Others assets	276,245	855				277,100
Total assets	**16,450,982**	**2,422,907**	**210,864**	**864**	-	**19,085,616**

Liabilities					
Customer deposits	18,244,937	2,448,247	20,278	-	20,713,462
Deposits from other banks	4,250	32	-	-	4,282
Total liabilities	**18,249,187**	**2,448,279**	**20,278**	**-**	**20,717,744**
Net on-balance sheet position	**(1,798,206)**	**(25,372)**	**190,586**	**-**	**(1,632,992)**

At 31 December 2018	USD	Euro	GBP	Other	Total
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Assets					
Cash and balances with BNR	2,530,583	770,644	27,578	-	3,328,805
Placements with other banks	2,260,952	785,202	44,272	-	3,090,426
Loans and advances to customers	6,514,273	2,094		-	6,516,366
Others assets	493,906	(25,868)	-	-	468,038
Total assets	**11,799,713**	**1,532,072**	**71,851**	**-**	**13,403,635**
Liabilities					
Customer deposits	14,860,377	1,747,907	25,262	-	16,633,546
Deposits from other banks	223,488	5	-	-	223,493
Total liabilities	**15,083,865**	**1,747,912**	**25,262**	**-**	**16,857,039**
Net on-balance sheet position	**(3,284,152)**	**(215,840)**	**46,588**	**-**	**(3,453,404)**

(d). Capital management

The Bank's objectives when managing capital, which is a broader concept than the 'equity' on the balance sheet, are:

- to comply with the capital requirements set by the National Bank of Rwanda;
- to safeguard the Bank's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders;
- to maintain a strong capital base to support the development of its business.

The Bank's regulator National Bank of Rwanda (BNR) sets and monitors capital requirements for the

Bank as a whole. In implementing current capital requirements, BNR, requires the Bank to maintain a prescribed ratio of total capital to total risk-weighted assets.

The Bank's regulatory capital consists only of Tier 1 capital, which includes ordinary share capital, retained earnings, revaluation reserves and statutory reserves.

The Bank's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Bank recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank's Tier 1 capital expressed as a percentage of risk-weighted assets is set out on the next page. The regulatory capital met the minimum required ratio of 10% and the bank has complied with all externally imposed capital requirements throughout the period.

	2019	2018
	Frw'000	**Frw'000**
Ordinary share capital	6,985,000	6,985,000
Share premium	1,373,437	1,373,437
Reserves:		
Statutory reserves	190,410	190,410
Retained earnings	18,278,808	16,956,973
Profit for the year (50%)	2,006,315	1,667,514
Total tier 1 capital	**29,045,316**	**26,172,826**
Regulatory adjustments applied in the calculation of CET1 Capital	(1,177,574)	(1,014,351)
Total Tier 1 Capital	**27,867,742**	**25,158,475**
Loan/financing loss provision(include Max 1.25% of RWA)	1,644,089	1,639,738
Total Capital	**29,511,832**	**26,798,213**
Risk-weighted assets	145,494,698	140,871,211
Capital adequacy ratio (Tier 1)	**19.154%**	**17.859%**
Capital adequacy ratio (Total capital)	**20.284%**	**19.023%**

Tier 1 capital is expressed as a percentage of risk-weighted assets Based on BNR regulation n°11/2009 on capital adequacy ratio, the bank's total CAR is 20.284% against 15% required.

(e). Financial instrument category

	Loans and receivables
At 31 December 2019	**Frw'000**
Financial assets	
Cash and balances with the National Bank of Rwanda	14,926,095
Amounts due from other banks	4,777,298
Government securities held to maturity	43,553,633
Loans and advances to customers	143,629,758
Other assets	2,862,883
	209,749,667

At 31 December 2019	**Deposits and Payables**
Financial liabilities - at amortised cost	**Frw'000**
Customer deposits	134,414,593
Deposits from other banks	45,157,356
Treasury borrowings	7,500,000
Export growth facility	1,000,000
Other liabilities	5,750,176
	193,822,126

At 31 December 2018	**Loans and receivables**
	Frw'000
Financial assets	
Cash and balances with the National Bank of Rwanda	20,828,422
Amounts due from other banks	6,091,094
Government securities held to maturity	34,453,709
Loans and advances to customers	123,818,397
Other assets	427,393
	185,619,015

At 31 December 2018	**Deposits and Payables**
Financial liabilities - at amortised cost	**Frw'000**
Customer deposits	139,222,551

Deposits from other banks	32,989,430
Other liabilities	2,837,171
	175,049,152

29. Financial liabilities - at amortised cost

The Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Impairment losses on loans and advances

The Bank reviews its loan portfolios to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded in the income statement, the bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the group. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(b) Fair value of financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

(c) Tax expenses

Judgement is required in determining the Bank's provision for tax expenses. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Bank recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Valuation hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have significant effect on the recorded fair value that are not based on observable market data.

The table below sets out the carrying amounts of each class of financial assets and liabilities. The carrying amounts are reflected at the approximate fair value. None of the financial assets and liabilities is measured at fair value.

2019	Level 1	Level 2	Level 3	Financial assets at amortised cost	Other financial liabilities
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Assets					
Cash and balances with the National Bank of Rwanda	-	14,926,095	-	14,926,095	-
Amounts due from other banks	-	4,777,298	-	4,777,298	-
Government securities and other bonds	-	43,553,633	-	43,553,633	-
Loans and advances to customers	-	143,629,758	-	143,629,758	-
Other assets	-	2,862,883	-	2,862,883	-
Total financial assets	**-**	**209,749,667**	**-**	**209,749,667**	**-**

2018	Level 1	Level 2	Level 3	Financial assets at amortised cost	Other financial liabilities
	Frw '000	Frw '000	Frw '000	Frw '000	Frw '000
Assets					
Cash and balances with the National Bank of Rwanda	-	20,828,422	-	20,828,422	-
Amounts due from other banks	-	6,091,095	-	6,091,095	-
Government securities and other bonds	-	34,453,709	-	34,453,709	-
Loans and advances to customers		123,818,397	-	123,818,397	-
Other assets	-	2,687,795	-	2,687,795	-
Total financial assets	**-**	**187,879,418**	**-**	**187,879,418**	**-**

2019	Level 1	Level 2	Level 3	Financial assets at amortised cost	Other financial liabilities
	Frw ‘000	Frw ‘000	Frw ‘000	Frw ‘000	Frw ‘000
Customer deposits		134,414,593	-	-	134,414,593
Deposits from other banks		53,657,356	-	-	53,657,356
Current income tax payable		1,455,631	-	-	1,455,631
Other liabilities		4,294,545	-	-	4,294,545
Total financial liabilities		**193,822,126**	**-**	**-**	**193,822,126**
2018					
Liabilities					
Customer deposits	-	139,222,551	-	-	139,222,551
Deposits from other banks	-	32,989,430	-	-	32,989,430
Current income tax payable	-	-	-	-	-
Other liabilities	-	4,315,726	-	-	4,315,726
Total financial liabilities	**-**	**193,837,944**	**-**	**-**	**193,837,944**

30. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a). Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Rwandan Francs (Frw), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions.

It also requires management to exercise its judgement in the process of applying the Bank’s accounting policies.

The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 26 above.

International Accounting Standards Board (IASB) issued IFRS 16 Leases in January 2016. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, ie the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 is effective from 1 January 2019. A company1 can choose to apply IFRS 16 before that date but only if it also applies IFRS 15 Revenue from Contracts with Customers. IFRS 16 completes the IASB’s project to improve the financial reporting of leases. IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations.

IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. Following the IASB announcement on the effective date of implementing this standard, in order to be proactive in the preparations, and do the assimilation on the impact of this standard would have on our financials as well capital adequacy ratios.

COGEBANQUE adopted the standard for the first time on 1st January 2019, and the computations were done on the following bases:

Lease contracts

For the purpose of this exercise, all leased premises for the bank's operations are considered as lease contracts. These include leased premises for branches, standalone ATMs and archives. The rationally is that, behaviourally, the bank has never leased any premises for a period less than or equal to 12 months.

Lease term

All lease contracts for COGEBANQUE are normally 5 years, and also when management forecasts for its near future operations, there are no signals of intending to close any branch or terminate the internal lease contract within the next five years. It is on this basis that the bank has determined the lease term to be five years, for the purpose of these calculations.

Monthly payment for all existing contracts as at 31st December 2018

Based on the current lease contracts' terms and conditions, all the future monthly rental payments were determined to be Frw 57,449,275 which is FRW 689,392,295 on annual basis. This is assumed unchanged for the next five years which is taken to be the lease term.

Discounting factor

The rate considered as a discounting factor for this exercise is the risk free rate which is the 3 year bod rate recently issued by the central bank (BNR) and this is 11.5%.

Recognition of assets and liabilities

Following the requirement of the standard, the present values (PV) for the future rental payments are recognized as Assets and liability, equally at the inception date.

(b). Interest income and expense

Interest income and expense for all interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in the statement of comprehensive income using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that was used to discount the future cash flows for the purpose of measuring the impairment loss.

(c). Fees and commission income

Fees and commissions are generally recognised on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

(d). Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Rwanda Francs ("Frw") which is the Bank's functional currency.

(ii) Functional and presentation currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

(e). Financial assets

The Bank classifies its financial assets into the following categories: financial assets at fair value through profit or loss; loans and advances; held-to-maturity financial assets and available-for-sale financial assets. Management determines the classification of its financial assets at initial recognition.

e) 1. Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Bank's accounting policies related to financial liabilities and derivative financial instruments. The impact of IFRS 9 on the classification and measurement of financial assets is set out below.

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. Derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

- A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL: it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Bank may irrevocably elect to present subsequent changes in the investment's fair value in OCl. This election is made on an investment-by-investment basis. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

1. *Classification and measurement of financial assets and financial liabilities (Continued)*

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOC	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

2. *Impairment of financial assets*

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39. The financial assets at amortised cost consist of trade receivables, cash and cash equivalents, and corporate debt securities. Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Bank measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured as 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- The Bank has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Bank's historical experience and informed credit assessment and including forward-looking information. The Bank assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past

The Bank considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Bank in full, without recourse by the Bank to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The Bank considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Bank considers this to be B+ per Rating Agency Fitch.The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

3. Credit-impaired financial assets and Presentation of impairment

At each reporting date, the Bank assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognised in OCI, instead of reducing the carrying amount of the asset. Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss and OCI.

(f). Property and equipment

Land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent values, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalue amount of the asset. All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to the statement of comprehensive income.

Freehold land is not depreciated. Depreciation on other assets is calculated on the straight line basis to allocate their cost less their residual values over their estimated useful lives, as follows:

Asset Category	Useful life	Rate
Building & its improvement	50 years	2.00%
Leasehold	10 years	10.00%
Furniture and fittings	7 years	14.29 %
- All chairs	3 years	33.33%
Motor vehicles	5 years	20.00%
IT Equipment	3 years	33.33%
Other Equipment	5 years	20.00%
- Safe	10 years	10.00%
- Note counting Machine	2 year	50.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

The Bank assesses at each reporting date whether there is any indication that any item of property and equipment is impaired. If any such indication exists, the Bank estimates the recoverable amount of the relevant assets. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal of property and equipment are determined by reference to their carrying amount and are taken into account in determining profit.

(i). Intangible assets

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (commonly five years).

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Bank, are recognised as intangible assets, when the following criteria have been met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use it;
- There is an ability to use the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;

- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, not exceeding five years for other software and ten years for core banking system.

(j). Income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the Rwandan Income Tax Act. Deferred income tax is provided in full, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for.

(h). Income tax (Continued)

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

(k). Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases by the lessee. All other leases are classified as finance leases by the lessee.

(i) With the Bank as lessee

Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

(ii) With the Bank as lessor

Leases of assets where the Bank has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in deposits from banks or deposits from customers depending on the counter party. The interest element of the finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The investment properties acquired under finance leases are measured subsequently at their fair value.

(l). Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with residual maturities of three months or less, including: cash and non-restricted balances with the National Bank of Rwanda, Treasury and other eligible bills, and amounts due from other banks. Cash and cash equivalents excludes the cash reserve requirement held with the National Bank of Rwanda.

(m). Cash and cash equivalents

(i) Retirement benefit obligations

The Bank and all its employees also contribute to the Social Security Fund of Rwanda, which is a defined contribution scheme. A defined contribution plan is a retirement benefit plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Bank's contributions to the defined contribution schemes are charged to the statement of comprehensive income in the year in which they fall due.

(ii) Other entitlements

The estimated monetary liability for employees' accrued annual leave entitlement at the balance sheet date is recognised as an expense accrual.

(n). Deposits

Deposits from customers are measured at amortised cost using the effective interest rate method.

(o). Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

(p). Dividends payable

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends are shown as a separate component of equity until declared/approved by the annual general meeting of the bank.

(q). Fiduciary activities

The Bank commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

(r). Acceptances and letters of credit

Acceptances and letters of credit are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

(s). Repossessed properties

In certain circumstances, property is repossessed following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less costs to sell and reported within 'Other assets'.

31. New standards, interpretations and amendments adopted by the Bank

IFRS 16 Leases was issued by the FASB on 13 January 2016 and has a mandatory effective date of 1 January 2019.The objective of IFRS 16 is to report information that (a) faithfully represents lease transactions and (b) provides a basis for users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. To meet that objective, a lessee should recognise assets and liabilities arising from a lease. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

Determining the lease term - IFRS 16 defines a lease term as the non-cancellable period for which the lessee has the right to use an underlying asset including optional periods when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease. Entities need to consider all relevant facts and circumstances that create an economic incentive for the lessee to exercise the option when determining the lease term. The option to extend the lease term should be included in the lease term if it is reasonably certain that the lessee will exercise the option. Lessees are required to reassess the option when significant events or changes in circumstances occur that are within the control of the lessee. A lessor would not be permitted to reassess the lease term.

a. Definition of a lease

A lease is a contract (i.e., an agreement between two or more parties that creates enforceable rights and obligations), or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To be a lease, a contract must convey the right to control the use of an identified asset. The concept of an identified asset is generally consistent with the 'specified asset' concept in IFRIC 4 Determining whether an Arrangement contains a Lease. Under IFRS 16, an identified asset can be either implicitly or explicitly specified in a contract and can be a physically distinct portion of a larger asset (e.g., a floor of a building). Even if an asset is specified, a customer does not have the right to use an identified asset if, at the inception of the contract, a supplier has the

substantive right to substitute the asset throughout the period of use. A substitution right is substantive if the supplier has the practical ability to substitute alternative assets throughout the period of use and the supplier would benefit economically from exercising its right to substitute the asset. A contract conveys the right to control the use of an identified asset for a period of time if, throughout the period of use, the customer has both of the following:

- The right to obtain substantially all of the economic benefits from the use of the identified asset;
- The right to direct the use of the identified asset

A customer can obtain economic benefits either directly or indirectly (e.g., by using, holding or subleasing the asset). Economic benefits include the asset's primary outputs (i.e., goods or services) and any by-products (e.g., renewable energy credits that are generated through use of the asset), including potential cash flows derived from these items. Economic benefits also include benefits from using the asset that could be realised from a commercial transaction with a third party (e.g., subleasing the asset). However, economic benefits arising from ownership of the identified asset (e.g., tax benefits related to excess tax depreciation and investment tax credits) are not considered economic benefits derived from the use of the asset.

A customer has the right to direct the use of an identified asset throughout the

period of use when either:

a). The customer has the right to direct how and for what purpose the asset is used throughout the period of use

b). The relevant decisions about how and for what purpose the asset is used are predetermined and the customer either:

   (i). Has the right to operate the asset, or direct others to operate the asset in a manner it determines, throughout the period of use, without the supplier having the right to change the operating instructions;

   (ii). Designed the asset, or specific aspects of the asset, in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

When evaluating whether a customer has the right to direct how and for what purpose the asset is used throughout the period of use, the focus is on whether the customer has the decision-making rights that will most affect the economic benefits that will be derived from the use of the asset. The decision-making rights that are most relevant are likely to depend on the nature of the asset and the terms and conditions of the contract. The standard also says that if the customer has the right to control the use of an identified asset for only a portion of the term of the contract, the contract contains a lease for that portion of the term.

The tenant also generally has the right to direct the use of the underlying property because the tenant decides how and for what purpose the property will be used. For example, in a lease of a retail unit, the tenant generally decides the mix of products that will be sold and the sales price for those products, and has the sole discretion to change such decisions. Property leases often contain clauses requiring the tenant to maintain the property and/or allow the landlord to inspect the condition of the property. Such clauses are designed to protect the landlord's interest in the property and are examples of protective rights, which do not, by themselves, prevent the tenant from having the right to direct the use of the property.

b. Identifying and separating lease components

In the adoption of IFRS16, the bank is considered to have the right to use each asset (premises) it leases because of the following factors as stipulated in the standard guidelines: (1) the bank can benefit from the use of the underlying asset (premises) either on its own or together with other resources that are readily available to the bank; and (2) the underlying asset (premises) is neither dependent on, nor highly interrelated with influences.

c. *Initial recognition*

The main lease contracts acquired by COGEBANQUE are premises for its offices, ATMs and filing stores. The basis of IFRS 16 calculations for determination of future cash flows was analysed as follows:

- Term of Contracts:
- Lease discount rate
- Monthly rental Payments

Term of Contracts

Bank has analysed all contracts and aligned them to 5 years term. Many contracts have non-binding renewal clauses which may or may not be exercised based on the both parties discretional analysis of the future business benefits from maintaining the contracts.

Lease Discount rate

During the duration of the lease, the lessee (the bank) has all right of controlling over the asset, the bank has economic risks and returns from the leased premises (assets) during the lease term..

After analysis the bank fixed a discounting factor to 11.15%, which is equal to ''central bank Bond rate issued for 3 years. %'', This is considered as discounting rate factor of all risk associated to determine the real level of liabilities the bank will face during lessee period.

d. *Monthly rental Payments*

All existing contracts for leases premises as at 01 January, 2019 were taken into account while computing the amount to be recorded on monthly basis. The total monthly rental payment was RWF 56,127,959.

The following is a reconciliation of total operating lease commitments at 31 December 2018 (as disclosed in the financial statements to 31 December 2018) to the lease liabilities recognised at 1 January 2019

	Amount in Frw
Total operating lease commitments disclosed at 31 December 2018	56,128
Recognition exemptions:	
• Leases of low value assets	0
• Leases with remaining lease term of less than 12 months	0
Variable lease payments not recognised	0
Other minor adjustments relating to commitment disclosures	0
Operating lease liabilities before discounting	**56,128**
Discounted using incremental borrowing rate	11.15%
Operating lease Term (Months)	60
Total lease liabilities recognised under IFRS 16 at 1 January 2019	**2,572,635**

After analysis of the bank's contracts which existed on 31 December, 2018, and determining monthly payment used to calculate future present value to be recognised as liability, The impact on financials in transition was as follows:

Balance sheet Items	Before IFRS 16	IFRS 16 Adjustment	IFRS 16 Carrying amount at 1 January 2019
Assets	204,573,632	2,572,635	207,146,267
Liabilities	178,136,799	2,572,635	180,709,434
Equity	26,436,833	0	26,436,833

Impact on assets'' Right of use assets'' and liabilities" was the same and there is no impact on equity at the transitional period due the following reasons:

1. All contracts that were in force, were given a consideration of 5 years term from January 1st,2019;
2. Bank did not consider ignoring the lease contracts with remaining lease term of less than 12 months, mainly because they still present a future economic benefits to the bank, hence a need for renewal.
3. There was no any contract assessed as a low value leased assets

d. Impact of IFRS 16 as at 31 December, 2019

d.1 Impact on Financial statements

After the implementation of IFRS 16 for the first year; its impact in financials was:

- Increase in other assets and total assets of the bank,
- Increases of total liabilities of the bank
- Decrease of net profit due to Finance cost and right of use assets depreciation

	Amount in Frw'000
Right of use Assets	**Office Building**
Balance as at 1 January, 2019	**2,572,635**
Depreciation charge of the Year	(514,969)
Balance as at 31 December, 2019	**2,057,666**
Lease Liabilities	
Balance as at 1 January,2019	**2,572,635**
Lease payment of the Year	(674,983)
Finance cost-interest	269,413
Balance as at 31 December, 2019	**2,167,065**
Lease finance costs and Depreciation	
Balance as at 1 January ,2019	
Depreciation charge of the Year	(514,969)
Finance Costs	(269,413)
Total Profit and loss impact 31 December, 2019	**(784,382)**

Apart of financial aspect that has been affected the company by implementing IFRS 16; there some prudential norm of ratios that bank should comply with like Capital adequacy ratio.

	Ratio with IFRS 16	NBV of right of use assets	Ratio without IFRS 16
Total tier 1 Capital	**27,867,742**	-	**27,867,742**
Loan/financing loss provision (include max 1.25% of RWA	1,644,089	-	1,644,089
Total Capital	**29,511,831**	-	**29,511,831**
Risk-weighted assets	145,494,698	2,057,666	143,437,032
Capital adequacy ratio (Tier 1)	**19.15%**		**19.43%**
Capital adequacy ratio (Total capital)	**20.28%**		**20.57%**

Bank has a significant decrease in capital adequacy ratio due to IFRS 16 Impact. This impact is not only on Capital adequacy ratio but also like leverage ratio, Debt to equity ratios has been deteriorated due to the new standard implementation.

32. Subsequent events

2020 began with the outbreak of a new strain of the Coronavirus (COVID-19) in China, with confirmed cases in more than 50 countries. The spread of the virus has been far reaching and has caused disruption to supply chains and the travel and tourism industry. It has slowed global growth and caused investment market volatility in first quarter of 2020. We continue to review the exposure of our balance sheet to economic shocks and will take action to protect our capital position as appropriate.

The Bank considers the emergence and spread of Coronavirus to be a non-adjusting post balance sheet event. Notwithstanding our robust capital and liquidity position and the operational and financial actions that we are taking, a deterioration in the situation would have adverse implications arising from the potential increase in credit risk in our loan portfolio.

Other Disclosures

Item		Amount/Ratio/Number
I. Capital strength		
1	Core Capital (Tier 1)	27,867,742
2	Supplementary Capital (Tier 2)	1,644,089
3	Total Capital	29,511,832
4	Total risk weighted assets	145,494,698
5	Core capital/ Total risk weighted assets ratio (Tier 1 Ratio)	19.15%
6	Tier 2 Ratio	1.03%
7	Total Capital/Risk weighted assets Ratio	20.28%
8	Leverage Ratio	11.2%
II. Credit Risk		
1	**Total gross credit risk exposures: after accounting offsets and without taking into account credit risk mitigation;**	**149,106,314**

2. Average gross credit exposure, broken down by mojor types of credit exposure:	
a). Loans, commitments and other non-derivative off-balance sheets exposures;	140,269,056
b). debts securities	43,126,380
c). OTC Derivatives	-

3. Regional or Geographic distribution of exposures, broken down in significant areas by major types of credit exposure;	**Kigali city**	**Eastern**	**North**	**South**	**Western**
a) Overdraft;	16,135,324	893,213	487,147	598,766	541,052
b) Consumer;	1,245,984	224,229	133,066	228,154	123,827
c) Treasury ;	24,044,441	2,623,174	1,452,088	2,625,304	1,290,710
d) Mortgage;	73,627,604	2,088,799	466,851	2,588,042	1,624,514
e) Equipment.	14,607,760	162,711	96,062	1,025,102	172,371

4 Sector distribution of exposure, broken down by major types of credit exposure and aggregated in the following areas:	
a) Government;	0
b) Agricultures;	11,154,877
c) Mining	947,190
d) Manufacturing ;	7,276,612
e) Infrastructure and construction;	72,654,279
f) Service and commerce	45,293,632
g) Others	11,779,704
5 Off-balance sheets items	**7,154,095**
6 Non-Performing loans indicators	
a) Non-performing loans (NPL)	12,261,153
b) NPL Ratio	7.80%
7 Related parties	
a) Loans to directors, shareholders and subsidiaries	3,901,443
b) Loans to employees	2,755,821

III. Liquidity Risk

a) Liquidity Coverage Ratio (LCR)	155.00%
b) Net stable Funding Ratio (NSFR)	112.00%

IV. Operational Market

	Types	**Number**	**Amount**
Number and types of frauds and their corresponding amount	Theft	1	9,225,174
	Fictitious Transactions	2	1,580,000

Market Risk

1	Interest rate risk	
2	Equity position risk	
3	Foreign exchange risk	194,459

VI. Country risk

1	Credit exposure abroad	-	
2	Other assets held abroad		4,696,294
3	Liabilities to abroad		

VI. Management and board composition

1	Number of Board members	10
2	Number of independent directors	5
3	Number of non-independent directors	5
4	Number of female directors	1
5	Number of male directors	9
6	Number of Senior Managers	6
7	Number of females Senior Managers	1
8	Number of males senior Managers	5

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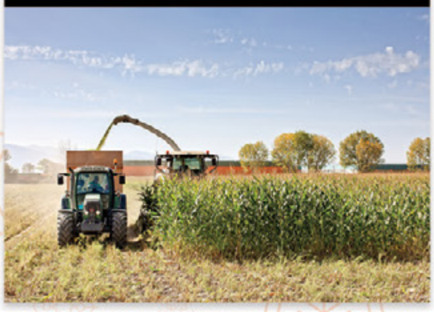

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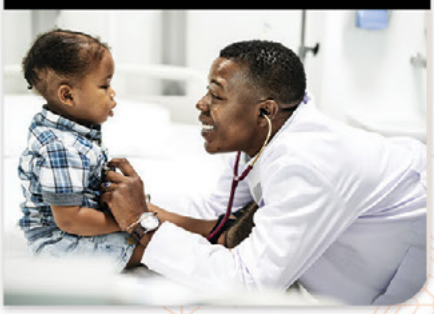

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